

Company Registration No. 00400080 (England and Wales)

**ArcelorMittal Commercial UK Ltd**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2019**

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**Directors**

R Eshelby  
A De Jong  
J Dyer  
S Ward-Jones (Retired 30 June 2020)

**Company Secretary**

K Reading

**Company number**

00400080

**Registered office**

Fore 2  
3<sup>rd</sup> Floor  
Huskisson Way  
Shirley  
Solihull  
West Midlands  
B90 4SS  
England

**Auditor**

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

**Bankers**

Barclays Bank plc  
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WV1 1DS

BNP Paribas Bank  
10 Harewood Avenue  
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NW1 6AA

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12 Place des Etats-Unis  
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92547 Montrouge Cedex  
France

ArcelorMittal Treasury SNC  
Immeuble Le Cézanne  
6 rue André Campra  
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France

**ArcelorMittal Commercial UK Limited**

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## **ArcelorMittal Commercial UK Limited**

### **Strategic Report**

The directors present the strategic report and financial statements for ArcelorMittal Commercial UK Ltd for the year ended 31 December 2019.

### **Review of the business**

Political inertia over Brexit led to downgraded economic growth, high currency volatility and an increasingly negative outlook. Business confidence fell to a low ebb towards the end of the year and customers were necessarily risk averse in all decision making.

Nevertheless, overall the UK economy improved during 2019 resulting in the business generally achieving market share targets, as such Turnover was similar to the previous year.

The company continues to derive the large majority of its turnover from its principal role as a 'low risk distributor', remunerated on the basis of a mark-up on SGA costs. As such, although we anticipate a reduced Turnover for the coming year, we expect the company's profitability will remain relatively stable and is also in a positive financial position at the end of the year.

### **Principal Risks and Financial Risk Management**

#### **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**

ArcelorMittal Treasury SNC SA provides a treasury function and overdraft facility to the Company. 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.

## **ArcelorMittal Commercial UK Limited**

### **Strategic Report (Continued)**

#### **Environment**

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

#### **Section 172 (1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

In doing so section 172 requires a director to have regard (amongst other matters) to:

- a. The likely consequences of any decisions in the long-term;
- b. The interests of the company's employees;
- c. The need to foster the company's business relationships with suppliers, customers and others;
- d. The impact of the company's operations on the community and environment;
- e. The desirability of the company maintaining a reputation for high standards of business conduct and
- f. The need to act fairly as between members of the company.

In discharging our section 172 duty we, the directors of the Company, have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders.

The Company's key stakeholders are its customers, employees and suppliers. The views of and the impact of the Company's activities on these stakeholders are an important consideration for the Directors when making relevant decisions.

#### **Key decisions made by the Directors of the Company.**

#### **Capital**

The directors carefully review operating results to determine levels of dividend to be proposed to its shareholders. This takes into account long term viability especially investment and Pension scheme funding as well as short term cash flow requirements.

In 2019 no dividend will be proposed in order to preserve and maintain the Company's Financial strength given uncertainty over future impact of Covid 19 (see page 7).

#### **Company Employees**

Our future plans are based on identifying and developing strong leadership and management skills, providing adequate training and focusing on the wellbeing of our colleagues.

We have developed a system to regularly review our staff, to evaluate their needs, and to ensure career progression is in line with their aspirations as far as possible. This allows for a robust two-way flow of information.

We conduct a biennial Speak Up! Survey amongst our employees, which we follow up with concrete action plans that address the identified issues and needs.

Staff wellbeing is focused on as part of our very strong Health and Safety ethos which provides amongst other guidance education and practical advice on diet / healthy eating and physical wellbeing.

Staff are regularly updated on the Company and Groups Health & Safety record which provides information on lost time working any injuries sustained at work and acts as a constant reminder of the Health & Safety policies of the Group to be adhered to.

## **ArcelorMittal Commercial UK Limited**

### **Strategic Report (Continued)**

#### **Suppliers, Customers and Others**

To facilitate engagement with our stakeholders, we carry out a range of engagement processes at site, country and corporate level, including surveys, direct conversations, roundtables and roadshows, and also reference external analysis to keep track of trends in stakeholder expectations.

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

#### **Community and Environment**

Whilst ArcelorMittal Commercial UK Ltd has little impact on the local Community given it is a Sales Office and has no local production, ArcelorMittal as a Group actively engages with local communities to make a positive contribution in terms of creating economic and social value through employment, procurement, taxation and sustainable development initiatives and through strong risk management and respect for human rights. To do this, we aim to take a partnership approach, listening to the concerns of stakeholders at site, country and segment levels, to give them the confidence that ArcelorMittal will address the impacts it has on them and their environment. ArcelorMittal Commercial UK acts upon feedback from Central Group resource to support this action.

#### **Business ethics**

We encourage our employees to be good corporate citizens, acting with integrity in everything they do. We strive to create a positive culture in which everyone wants, and knows how, to do the right thing. Our commitment to integrity is embodied in our Code of Business Conduct and is supported by a comprehensive framework of policies and procedures in areas such as human rights, anti-corruption and insider dealing. These documents reflect the principles and concepts of the UN Global Compact, the OECD Guidelines on Multinational Enterprises and UN Sustainable Development Goal 16 – Peace, justice and strong institutions. Compliance and our Code of Business Conduct defines what acting with integrity means in practice. It applies to all directors, officers and employees. Based on a training matrix, our employees undergo training on the Code of Business Conduct and other aspects of compliance every three years.

## ArcelorMittal Commercial UK Limited

### 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:

	2019 £	2018 £
<b>Turnover:</b>	546,382,622	555,442,118
<b>Steel Sales</b>	540,852,944	550,623,220
<b>Services</b>	5,529,678	4,818,898
<b>Gross Profit</b>	22,059,991	15,472,629
<b>Pre-tax profit</b>	2,972,455	2,237,058
	2019 Number	2018 Number
<b>FTE – number of employees</b>	62	53
<b>No of Accidents</b>	NIL	Nil

In 2015 the company began to change 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. Sales and General Administration costs nevertheless remain remunerated on a cost-plus basis.

This change had already been rolled out for all Flat industry customers as well as some Long Products and is expected to continue into 2020, during which additional Bars and Rods business is expected to move to the same model.

Consequently, during this continuing transition period it is difficult to analyse KPI quantitatively due to the gradual changes taking place in the company's business model, hence we continue to make no analysis other than to draw attention to the KPI's monitored. Once the change in business model is fully implemented the Company will make further comment on its KPI performance.

Pre-tax profits have been negatively impacted by the foreign currency balance translation losses incurred (included in 'Other finance costs' Note 8).

On 1 January 2019 the Company acquired the business of CDP Ltd in Glasgow for ArcelorMittal Construction Netherlands BV who had established a significant trading relationship with them. CDP specialises in the supply of composite panels to the construction industry.

There were no assets acquired on acquisition, the acquisition cost of £158,362 was represented solely by Goodwill. The goodwill was written off immediately on acquisition and all costs relating to this have been recharged to ArcelorMittal Construction Netherlands BV resulting in no net cost to the company. There is therefore no negative Financial impact on the Company.

## **ArcelorMittal Commercial UK Limited**

### **Strategic Report (Continued)**

All operating costs of the Glasgow office are recharged to ArcelorMittal Construction Nederlands BV in full.

As part of the business acquisition 3 key members of staff joined the company and staff numbers have subsequently risen to 6 contributing towards the change in staff numbers (FTE: full time equivalent) during the year.

The number of employees continues to be a key KPI and is monitored closely.

The Group continue to focus on reduction of costs and with this aim in mind have strictly controlled staff numbers only replacing where key resources are required.

Health and safety remains one of the Group's key issues. The company carry out quarterly internal Health and Safety reviews and focus on the wellbeing of its staff. The company is pleased that following its actions there are no accidents to report. Figures concerning Accidents and lost time frequency due to accidents are regularly reviewed and scrutinized by the Directors of the company. These figures are circulated to all staff members.

### **Brexit and Future Outlook**

Irrespective of the Brexit outcome the company aims to defend and promote the value and opportunity of the UK and Irish markets. Focus will be placed on product pricing to allow for volume capture, especially continued emphasis on high added value products and to offer new alternative developments.

The company has strongly developed its e-business offering and will continue development of these to bring new business opportunities and initiatives to the market. This development is seen as an important tool to increase future contribution.

The challenging economic and commercial environment is expected to continue, especially, the impact of Brexit which remains to be resolved. The company will maintain contingency plans to recognise opportunities derived from anticipated market changes although it is expected that the company's activities may decrease in 2020 as a result of Brexit.

### **COVID19**

ArcelorMittal group (AM Group) made 2 announcements related to CORONA, one on 19 March and one on 31 March 2020.

### **Analysis**

ArcelorMittal Commercial UK Ltd operates primarily under Local Buyer Reseller ("LBR") Group Model:

General model for Europe has been sustained in particular, customers Auto and Packaging and Industry are invoiced centrally via LBR'S: LBR'S acted as the low risk distributor buying the products from the manufacturing sites and facilities and re-selling them to the final customers with a resale margin based on the sales price invoiced to the final customer. The resale margin was calculated as 40% mark-up on SG&A costs of LBR'S;

Sales: Budget – Forecast 2020 (April 2020) (excluding products of AM Italy)

Volumes: based on best estimate the sold volumes will drop by about 20% compared to the budget 2020.

Sales price: the sales price for all qualities mixed is expected to remain in line with the budget 2020

### **Profitability**

LBR'S buys and sells steel products and operates mainly under a distributor agreement with a remuneration. This remuneration ensures that main operating costs and costs of financing are covered. There is no information, nor indicator that this would change in 2020.



## **ArcelorMittal Commercial UK Limited**

### **Strategic Report (Continued)**

#### **Liquidity**

LBR'S collects from its customers and pays its vendors at due date from the invoices. The payment terms to vendors are in average lower compared to the customer payment terms. To finance this timing difference LBR'S sells part of the receivables in TSR programs.

Bank accounts of LBR'S are cash pooled by AM Treasury. This generates a receivable/payable in a current account with AM Treasury.

There is no information, nor indicator that this would change in 2020.

#### **Customer receivables**

LBR'S bears the customer's credit risk for the amount receivable from the customer.

As a rule, the receivables on external customer and related parties are covered. Receivables on other AM Group affiliates are in general not credit insured.

There is no information, nor indicator that this would change in 2020.

#### **Investments**

As at 31 December 2019 over 30% of the balance sheet total of the entity AM FCE (BPM code 710) are investments. This is a portfolio of shares in other entities of the AM Group for €951M (as at April 2020). These entities are sales agencies and the entity Arcelor Investment. The latter represents over 99.5% of the share portfolio.

Nor for the sales agencies or for Arcelor Investment an impairment is expected.

#### **COVID19 - Conclusion**

On March 19, 2020, the ArcelorMittal Group announced certain measures that it is taking or considering in light of the COVID-19 pandemic and its effect on its operating markets. On March 31, 2020, the Group ArcelorMittal issued an update to this statement, announcing that it would be reducing production and temporarily idling steelmaking and finishing assets on a country by country basis in accordance with regional demand and governmental requirements.

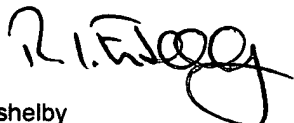
Due to COVID-19 customers started slowing down their activities as from March, resulting in a significant decline of turnover. The company operates mostly under a low risk distributor contract, so profitability is not affected.

The company is not in a position at this stage to predict fully the severity of the consequences of the COVID-19 outbreak on its financial performance but believes it will likely have an adverse effect on the company's financial statements over 2020.

#### **Health and Safety**

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

Approved by the Board of directors and signed on behalf of the board



R Eshelby  
Joint Managing Director  
15 December 2020

## **ArcelorMittal Commercial UK Limited**

### **Directors Report**

The directors present their annual report and audited financial statements for the year ended 31 December 2019. For additional information please also refer to the Strategic Report on page 3.

### **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.

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 14.

The directors have recommended that no dividend be paid for the year ended 31 December 2019 (2018: £2,000,000).

### **Future developments**

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

### **Financial Risk Management**

Financial risk management are disclosed in the Strategic Report on page 3 and form part of this report by cross-reference.

### **Other**

The Company has 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.

As the UK distributor of Group production and party to group cash management arrangements, the Company is fundamentally reliant on the going concern status of the Ultimate Parent company. In forming our view on going concern, we have reviewed the financial performance and funding arrangements of the Group and are satisfied that the Ultimate Parent has the ability and intention to support the Company. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 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 2019 and to the date of this report:

R Eshelby

A De Jong

J Dyer

S Ward-Jones (Retired 30 June 2020)

**ArcelorMittal Commercial UK Limited**

**Directors Report (Continued)**

**The Modern Slavery Act 2015**

Respect for human rights is fundamental to the culture of integrity we want for ArcelorMittal. It is integral to our approach to sustainable development, and governs how we behave towards our employees, contractors, suppliers, and the communities in which we work.

In January 2019, we updated our human rights policy to make our commitment to oppose the use of forced or compulsory labour, human trafficking and all forms of modern slavery (both within our own operations and in our supply chain) even more explicit and to publicly report on what we are doing to prevent it on a yearly basis.

For more information please see our Modern Slavery Act statement online;  
<http://corporate.arcelormittal.com/~media/Files/A/ArcelorMittal/sdr2016/Statement-UK-Modern-Slavery-Act.pdf>

**Auditor**

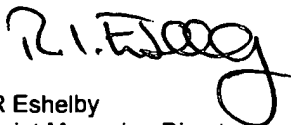
Each of the persons who are a director at the date of approval of this report confirms that:

- 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.

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.

Approved by the Board of directors and signed on behalf of the board by



R Eshelby  
Joint Managing Director  
15 December 2020

## **ArcelorMittal Commercial UK Limited**

### **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**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of ArcelorMittal Commercial UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ArcelorMittal Commercial UK Ltd (the 'company') 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 25.

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

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### **Use of our report**

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



Peter Gallimore, FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
17 December 2020

**ArcelorMittal Commercial UK Limited**

**Profit and Loss Account for the Year ended 31 December 2019**

	Note	2019 £	2018 £
<b>Turnover</b>	4	546,382,622	555,442,118
Cost of sales		<u>(524,322,631)</u>	<u>(539,969,489)</u>
<b>Gross profit</b>		22,059,991	15,472,629
Administrative expenses		<u>(15,128,332)</u>	<u>(13,024,325)</u>
<b>Operating profit</b>	5	6,931,659	2,448,304
Other interest receivable and similar income	6	193,446	45,197
Interest payable and similar charges	7	(248,477)	(198,175)
Other finance cost	8	<u>(3,904,173)</u>	<u>(58,268)</u>
<b>Profit before taxation</b>		2,972,455	2,237,058
Tax charge on profit	9	<u>(711,297)</u>	<u>(484,667)</u>
<b>Profit for the financial year attributable to owners of the company</b>	19	<u>2,261,158</u>	<u>1,752,391</u>

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

**ArcelorMittal Commercial UK Limited**  
**Statement of Comprehensive Income**  
**for the Year ended 31 December 2019**

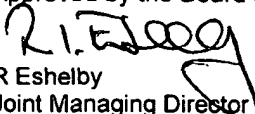
	Note	2019 £	2018 £
<b>Profit for the financial year</b>		2,261,158	1,752,391
Re-measurement gain on pension schemes	17	418,552	690,000
Movement on deferred tax relating to pension asset and liability balances	16	<u>(79,525)</u>	<u>(124,200)</u>
<b>Total other comprehensive Income</b>		<u>339,027</u>	<u>565,800</u>
<b>Total comprehensive income for the year attributable to the owners of the company</b>		<u><u>2,600,185</u></u>	<u><u>2,318,191</u></u>



**ArcelorMittal Commercial UK Limited**  
**Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	439,034	745,150
Debtors: amounts falling due after one year	11	<u>2,916,433</u>	<u>2,522,207</u>
		3,355,467	3,267,357
<b>Current assets</b>			
Stock	12	16,854,365	21,019,291
Debtors: amounts falling due within one year	13	105,593,696	134,438,560
Cash at bank and in hand		<u>164,185</u>	<u>18,412</u>
		122,612,246	155,476,263
<b>Creditors: amounts falling due within one year</b>	14	<u>(114,540,052)</u>	<u>(147,891,336)</u>
<b>Net current assets</b>		<u>8,072,194</u>	<u>7,584,927</u>
<b>Total assets less current liabilities</b>		<u>11,427,661</u>	<u>10,852,284</u>
<b>Creditors: amounts falling due after more than one year</b>	15, 17	<u>(3,630,192)</u>	<u>(3,655,000)</u>
<b>Net assets</b>		<u><u>7,797,469</u></u>	<u><u>7,197,284</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	2,212,882	2,212,882
Profit and loss account	19	<u>5,584,587</u>	<u>4,984,402</u>
		<u><u>7,797,469</u></u>	<u><u>7,197,284</u></u>

Approved by the Board and authorised for issue on 15<sup>th</sup> December 2020. They were signed on its behalf by:

  
R Eshelby  
Joint Managing Director  
15 December 2020

**Company Registration No. 00400080**

**ArcelorMittal Commercial UK Limited**  
**Statement of changes in equity**

	Note	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2018</b>	<b>18</b>	<b>2,212,882</b>	<b>2,666,211</b>	<b>4,879,093</b>
Profit for the year		-	1,752,391	1,752,391
Other comprehensive profit for the year		-	565,800	565,800
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>2,318,191</b>	<b>2,318,191</b>
<b>Balance at 31 December 2018</b>		<b>2,212,882</b>	<b>4,984,402</b>	<b>7,179,284</b>
Profit for the year		-	2,261,158	2,261,158
Dividend		-	(2,000,000)	(2,000,000)
Other comprehensive income for the year		-	339,027	339,027
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>600,185</b>	<b>600,185</b>
<b>Balance at 31 December 2019</b>	<b>18</b>	<b>2,212,882</b>	<b>5,584,587</b>	<b>7,797,469</b>

## ArcelorMittal Commercial UK Limited

### Accounts for the year ended 31 December 2019

#### Notes to the financial statements

##### 1. General information

ArcelorMittal Commercial UK Ltd (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown 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 24.

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*

##### **Newly mandatorily effective in the current period**

<b>Title</b>	<b>Subject</b>	<b>Effective date</b>
IFRS 16	Leases	1 Jan 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan 2019
Amendments to IFRS 9 (Oct 2017)	Prepayment Features with Negative Compensation	1 Jan 2019
Amendments to IAS 28 (Oct 2017)	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle (Dec 2017)	Annual Improvements to IFRSs: 2015-17 Cycle	1 Jan 2019
Amendments to IAS 19 (Feb 2018)	Plan Amendment, Curtailment or Settlement	1 Jan 2019

##### **Not yet mandatorily effective**

Amendments to References to the Conceptual Framework in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	1 Jan 2020
Amendments to IFRS 3 (Oct 2018)	Definition of Business	1 Jan 2020
Amendments to IAS 1 and IAS 8 (Oct 2018)	Definition of Material	1 Jan 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019)	Interest Rate Benchmark Reform	1 Jan 2020
IFRS 17	Insurance Contracts	TBC - Per IASB 1 Jan 2021
Amendments to IAS 1	Classification of liabilities as current or non-current	TBC - Per IASB 1 Jan 2022
Amendments to IFRS 10 and IAS 28 (Sept 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBC - Per IASB Postponed

**Notes to the financial statements (continued)**

In the current year, the Company has applied one new amendment to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2019. This relates to IFRS 16 – Lease accounting. See note on impact below on page 18.

This adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2019. IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

**Details of these new requirements as well as their impact on the Company's financial statements are described below.**

***(a) Classification and measurement of financial assets***

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2019. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2019 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2019.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 does not have any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

***(b) Impairment of financial assets***

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost; and,
- Trade debtors and contract assets.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The directors of the Company reviewed and assessed the Company's existing financial assets and determined that the adoption of IFRS 9 did not have an impact on the recognition of credit losses and, therefore, no restatement to the prior year comparatives have been made.

**Notes to the financial statements (continued)**

***(c) Classification and measurement of financial liabilities***

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

***(d) General hedge accounting***

The company does not have any hedging arrangements falling within the scope of IFRS 9 and therefore the application of IFRS 9 has had no impact.

**Impact of application of IFRS 15 Revenue from Contracts with Customers**

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2019. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The Company's accounting policies for its revenue streams are disclosed in detail below. The application of IFRS 15 has not resulted in any changes to the timing or value of revenue recognised in the comparative period and therefore no restatement has been made.

**Impact of initial application of IFRS 16 Leases**

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the full retrospective approach, the previous year's figures have not been restated.

***(a) Impact of the new definition of a lease***

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Notes to the financial statements (continued)

**Impact of initial application of IFRS 16 Leases (continued)**

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- (a) Recognises right-of-use assets and lease liabilities in the financial statements, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;  
Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities).

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative expenses' in profit or loss.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the financial statements.

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

	31/12/2019	31/12/2018
	£	£
Impact on profit or loss		
Impact on profit/(loss) for the year		
Decrease in operating sub-lease income	-	-
Increase in finance income	-	-
Increase in depreciation of right-of-use asset	(125,928)	-
Increase in finance costs	(9,194)	-
Decrease in other operating expenses	-	-
Increase/(Decrease) in profit for the year	(135,122)	-

**Notes to the financial statements (continued)**

**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 or services, at the date of the transaction.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The principal accounting policies adopted are set out below.

**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 of 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.

**Revenue recognition**

The Company's revenue is derived from the single performance obligation to transfer steel products under arrangements in which the transfer of the control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of the goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods. Additional revenue is derived from services rendered, recognised in the period when such services are provided or performed. The potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods and/or services.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Company's steel producing operations, generally the criteria to recognise revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Company has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

Additionally, the Company identifies when goods have left its premises, not when the customer receives the goods. Therefore, the Company estimates, based on its historical experience, the amount of goods in-transit when the transfer of control occurs at the destination and defers the revenue recognition.

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**Leases**

**The Company as lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a

straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Financial statements.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.



**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**Leases (continued)**

**The Company as lessor**

The Company has not acted as a lessor.

**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.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. 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.

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**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.

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 stated at the lower of cost and net realisable value. Stocks consist of Sheet Piling, Merchant Bars and Wire Rod which are held in a number of locations. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Stock values are regularly reviewed for impairment.

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**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:

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

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.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(i) Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

***Classification of financial assets (continued)***

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item.

Subsequent to initial recognition, **financial assets at FVTPL** are measured at fair value and gains or losses arising from changes in fair value, dividend income, and interest income are recognized in profit or loss.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***(i) Significant increase in credit risk***

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**Impairment of financial assets (continued)**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

*(ii) Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

*(iv) Write-off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

*(v) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**Impairment of financial assets (continued)**

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial Liabilities**

Debt instruments are classified as either financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

***Financial liabilities measured subsequently at amortised cost***

Financial liabilities that are not held-for-trading are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Subsequent to initial recognition, **financial liabilities at FVTPL** are measured at fair value and gains or losses arising from changes in fair value, dividend income, and interest income are recognized in profit or loss.

***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

*Derecognition of financial liabilities (continued)*

Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

*Derivative financial instruments*

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 24.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

The following are the critical judgements, 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. An impairment review was carried out on the 'Right of Use' asset; no impairment was required.

**Revenue recognition**

In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in IFRS 15 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.



**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**2. Significant accounting policies (continued)**

**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 (as disclosed in note 17), the directors, at each reporting date, engaged qualified actuaries to assist with determining these and performing valuation in accordance with IAS 19.

**4. Turnover**

The total turnover of the company for the year has been derived from its principal activities per the revenue streams described in strategic report which were wholly undertaken in the United Kingdom.

<b>Analysis of Turnover:</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sale of goods	540,852,944	550,623,220
Rendering of services	<u>5,529,678</u>	<u>4,818,898</u>
	546,382,622	555,442,118

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**5. Operating Profit for the year**

Operating Profit for the year has been arrived at after charging/(crediting):

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets	44,323	65,577
Depreciation of right of use assets	125,928	-
Finance cost/interest expense of right of use assets	9,194	
Loss on disposal of tangible assets	634,261	575,511
Cost of inventories recognised as an expense	522,491,899	538,060,559
Loss/(profit) on foreign exchange transactions	5,313,290	592,507
<b>Auditor's remuneration</b>		
Fees Payable to the company's auditor for the audit of the company's financial statements	75,000	75,000
Non-audit fee - tax compliance services	4,053	14,030

**6. Other interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest	193,446	45,197
	<b>193,446</b>	<b>45,197</b>

**7. Interest payable and similar charges**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
On amounts payable to group companies	227,858	193,724
Other	20,619	4,451
	<b>248,477</b>	<b>198,175</b>

**8. Other Finance Cost**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Foreign currency exchange revaluation loss	(3,868,217)	(6,348)
Other Finance costs	(35,956)	(52,000)
	<b>(3,904,173)</b>	<b>(58,348)</b>

Significant currency fluctuations were incurred due to exchange rate movements during the year.

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**9. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
UK corporate tax	572,829	608,207
Prior Year Adjustment	<u>(15,030)</u>	<u>(30,003)</u>
Total current tax	557,799	578,204
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>153,498</u>	<u>(93,537)</u>
Total deferred tax	153,498	(93,537)
<b>Total Tax on profit</b>	<u><b>711,297</b></u>	<u><b>484,667</b></u>
<b>Factors affecting the tax charge for the year</b>		
Profit before taxation	2,972,455	2,237,058
Profit on before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	564,766	425,041
<b>Effect of:</b>		
Non-deductible expenses	17,881	26,506
Other	143,679	63,123
Effect of changes in tax rates	-	-
Prior Year Adjustment	<u>(15,030)</u>	<u>(30,003)</u>
		59,626
<b>Tax charge for the year</b>	<b>711,297</b>	<b>484,667</b>

The company has estimated losses of £Nil (2018: £Nil) available for carry forward against future trading profits.

The deferred tax charge includes £150,616 (2018: £43,740) 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.

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 19%. If the amended tax rate had been used, the deferred tax asset would have been £3,218 lower.

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**10. Tangible fixed assets**

	<b>Rental Assets £</b>	<b>Computer equipment £</b>	<b>Fixtures, Fittings &amp; equipment £</b>	<b>Right of use of asset</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2019	758,742	54,223	255,530	-	1,068,495
Additions	11,168	-	31,085	472,230	514,483
Disposals	(769,910)	-	-	-	(769,910)
At 31 December 2019	-	54,223	286,615	472,230	813,068
<b>Depreciation</b>					
At 1 January 2019	119,066	54,223	150,056	-	323,345
On disposals	(119,562)	-	-	-	(119,562)
Charge for the year	496	-	43,827	125,928	170,251
At 31 December 2019	-	54,223	193,883	125,928	374,034
<b>Net book value</b>					
At 31 December 2019	-	-	92,732	346,302	439,034
At 31 December 2018	639,676	-	105,474	-	745,150

<b>Right of use Asset</b>	<b>£</b>	<b>£</b>
<b>Cost</b>	<b>Office Lease</b>	<b>Total</b>
At 1 January 2018 – Restated	-	-
Additions	-	-
At 31 December 2018 – Restated	-	-
Additions	472,230	472,230
At 31 December 2019	472,230	472,230

**ArcelorMittal Commercial UK Limited**  
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**Notes to the financial statements (continued)**

**Right of use of Assets**  
**Accumulated depreciation**

	£	£
At 1 January 2018 – Restated	-	-
Charge for the year	-	-
At 31 December 2018 – Restated	-	-
Charge for the year	125,928	125,928
At 31 December 2019	125,928	125,928

**Carrying Amount**

At 31 December 2019	346,302	346,302
At 31 December 2018 – Restated	-	-

The Company has one lease relating to its Office premises which matures in September 2022.

	31/12/2019 £	31/12/2018 £ (Restated)
<b>Amounts recognised in profit and loss</b>		
Depreciation expense on right-of-use assets	125,928	-
Interest expense on lease liabilities	9,194	-

<b>Impact on assets, liabilities and equity as at 31 December 2019</b>	<b>As previously reported £</b>	<b>IFRS 16 adjustments £</b>	<b>As restated £</b>
Property, plant and equipment	340,838	-	340,838
Right-of-use assets	-	472,230	472,230
Finance lease receivables	-	-	-
Net impact on total assets		472,230	
Obligations under finance leases		350,096	
Lease liabilities		-	
Provisions		-	
Trade and other payables		-	
Net impact on total liabilities		350,096	
Retained earnings		122,134	

For tax purposes the Company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

Notes to the financial statements (continued)

10. Tangible fixed assets (continued)

Right of use of Assets (continued)

Company as a lessee:

- (1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of £ 472,230 and lease liabilities of £350,096. It also resulted in an increase in depreciation of £125,928 and interest expense of £9,194.
- (2) It has not been necessary to recognise any impairment.

Company as a lessor:

- (1) The Company had no Leases in place in 2018 or 2019.

Lease

	31/12/2019	31/12/2018
	£	£
		(Restated)
<b>Maturity analysis:</b>		
		-
Year 1	131,328	-
Year 2	131,328	-
Year 3	87,440	-
Year 4	-	-
Year 5	-	-
Onwards	-	-
	<u>350,096</u>	<u>-</u>
<b>Analysed as:</b>		
Non-current (note 15)	218,768	
Current	131,328	
	<u>350,096</u>	<u>-</u>

Liabilities

The Company does not face a significant liquidity risk with regard to its lease liabilities.

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**11. Debtors: Amounts due after one year**

	<b>2019</b> £	<b>2018</b> £
Deferred tax asset (note 16)	118,184	351,207
Pension asset (note 17)	<u>2,798,249</u>	<u>2,171,000</u>

<b>12. Stock</b>	<b>2,916,433</b>	<b>2,522,207</b>
------------------	------------------	------------------

	<b>2019</b> £	<b>2018</b> £
Finished goods and goods for resale	16,854,365	21,019,291

**13. Debtors**

	<b>2019</b> £	<b>2018</b> £
<b>Amounts due within one year:</b>		
Trade debtors	40,159,242	40,895,429
Amounts owed by fellow subsidiary undertakings	65,113,384	92,708,034
Recoverable VAT	52,801	-
Prepayments and accrued income	102,642	205,887
Other debtors	165,627	337,181
Derivative financial instruments (Note 24)	<u>-</u>	<u>292,029</u>
	<b><u>105,593,696</u></b>	<b><u>134,438,560</u></b>

13

All Group balances are unsecured and on normal open credit terms. There were no bad debts during the year. No interest is payable on amounts due from the Group.

**14. Creditors: amounts falling due within one year**

	<b>2019</b> £	<b>2018</b> £
Trade creditors	1,118,631	1,305,923
Amounts owed to parent	-	2,610,023
Amounts owed to fellow subsidiary undertakings	43,505,938	51,805,579
Corporation tax	572,829	608,207
Other taxes and social security costs	8,152,005	15,485,740
Other creditors	37,681,533	47,226,906
Accruals and deferred income	22,150,706	28,848,958
Derivative financial instruments (Note 24)	<u>1,358,410</u>	<u>-</u>

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**114,540,052**                      **147,891,336**

All Group balances payable are unsecured and on normal open credit terms. Interest is payable on treasury account amounts due to ArcelorMittal Treasury SNC at commercial rates. Interest is not payable on any other Group balances

Other creditors include £37,622,285 due to factor agent in respect of amounts received against factored trade debtors before year end (2018: £47,208,893).

**15. Creditors: amounts falling due after one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts due after one year:</b>		
Pension liability (note 17)	3,411,424	3,655,000
Lease Obligation – Right of use of Assets (note 10)	218,768	-
	<u>3,630,192</u>	<u>3,655,000</u>

**16. 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

	<b>Other timing differences (Note 11) £</b>	<b>Pension liability (Note 15) £</b>	<b>Pension asset (Note 13) £</b>	<b>Total £</b>
At 1 January 2018	(71,010)	(732,060)	421,200	(381,870)
(Credit)/charge to profit or loss	(13,077)	(78,120)	(2,340)	(93,537)
Charge to other comprehensive income	<u>0</u>	<u>152,280</u>	<u>(28,080)</u>	<u>124,220</u>
At 31 December 2018	(84,087)	(657,900)	390,780	(351,187)
Credit to profit or loss	82,407	(23,910)	95,001	153,498
Charge to other comprehensive income	<u>0</u>	<u>33,639</u>	<u>45,886</u>	<u>79,525</u>
At 31 December 2019	(1,680)	(648,171)	531,667	(118,164)

The Company is partly remunerated on a Cost-Plus basis by its parent Company against its Sales and General Administration costs. These costs are re-invoiced plus an agreed margin. This margin is guaranteed and backed by a Service contract with the Parent company thereby ensuring the Company will have taxable profits enough to allow the recovery of the recognised Deferred tax assets



**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes**

**Defined contribution**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	296,477	129,944

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. These contributions have been paid in the year.

**Defined benefit**

**TradeArbed Pension Scheme**

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 2019. The actuarial valuation has been rolled forward to 31 December 2019 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 2019 in line with returns on market indices over the period from 1 May 2019 to 31 December 2019. 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.

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
The main financial assumptions by the actuary were:		
Rate of increase in salaries	2.9	3.2
Pension escalation	2.8	3.2
Discount rate	2.0	2.9
Inflation assumption (RPI)	2.9	3.2
Revaluation in deferment	2.8	3.1

Discretionary benefits:	No allowance has been made for discretionary benefits.
Tax free cash:	90% 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:	SAPS S2 Tables with improvements in line with CMI 2017 projections with a smoothing factor of 7.5 and a 1.25% p.a. long term trend rate.

Notes to the financial statements (continued)

17. Retirement benefit schemes (continued)

Sensitivity Analysis

Adjustment to Assumptions:	Plus 1%	Minus 1%
Discount Rate	(£2,884,596)	£3,728,870
Inflation	£1,382,815	(£1,380,652)
Salary Increase	£677,793	(£625,223)
Life Expectancy (+/- 1 year)	£629,442	(£618,978)

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:

	2019 %	2018 %
Equities	41	41
Gilts and Bonds	32	33
Cash and other	27	26
	<hr/> 100	<hr/> 100

The investments are selected in order to spread any risk to the company as far as possible and are approved by the Trustees. The type of investment is matched with the maturity profile of the scheme members in order to have liquid funds available as required. There is no focus on any specific class of asset the funds are considered to be spread evenly based on professional Investment advice received.

	2019 £	2018 £
Fair value of assets	13,334,258	11,861,000
Present value of funded obligations	(16,745,682)	(15,516,000)
Deficit in the scheme	(3,411,424)	(3,655,000)
Related deferred tax asset (notes 11 and 16)	<hr/> 648,171	<hr/> 657,900
Net pension liability	(2,763,253)	(2,997,100)

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

	2019 £	2018 £
Current service cost	145,376	213,000
Interest pension liabilities	449,754	434,000
Interest on pension assets	<hr/> (346,225)	<hr/> (325,000)
	248,905	322,000

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

Current service cost is expensed to 'administrative expenses' and Interest is expensed to 'Other finance costs' in the profit and loss account.

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

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Re-measurement gain	177,047	846,000
<b>Total</b>	<b>177,047</b>	<b>846,000</b>

**Movement in deficit during the year:**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Deficit in scheme at 1 January	(3,655,000)	(3,778,000)
Transfer from group undertaking	-	(449,000)
Current service cost	(145,376)	(213,000)
Past service cost	-	(240,000)
Contributions made	334,434	323,000
Other finance costs	(103,529)	(109,000)
Re-measurement gain	177,047	846,000
Administration Costs	(19,000)	(35,000)
<b>Deficit in scheme at 31 December</b>	<b>(3,411,424)</b>	<b>(3,655,000)</b>

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

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
The change in assets over the year was:		
<b>Fair value of assets at the beginning of the year</b>	<b>11,861,000</b>	<b>11,129,000</b>
Transfer from group undertaking	-	1,398,000
Interest on pension assets	346,225	325,000
Employer contributions	334,434	323,000
Contributions by scheme participants	28,930	28,000
Benefits paid	(188,800)	(384,000)
Administration costs	(19,000)	(35,000)
Re-measurement (loss)/gain	971,469	(923,000)
<b>Fair value of assets at the end of the year</b>	<b>13,334,258</b>	<b>11,861,000</b>

Notes to the financial statements (continued)

17. Retirement benefit schemes (continued)

	2019 £	2018 £
The change in defined benefit obligation over the year was:		
<b>Defined benefit obligation at the beginning of the year</b>	15,516,000	14,907,000
Transfer from the group undertaking	-	1,847,000
Current service cost	145,376	213,000
Past service cost	-	240,000
Contributions by scheme participants	28,930	28,000
Interest on pension liabilities	449,754	434,000
Benefits paid	(188,800)	(384,000)
Re-measurement gain	794,422	(1,769,000)
<b>Defined benefit obligation at the end of the year</b>	16,745,682	15,516,000

ArcelorMittal Commercial UK Ltd Pension Scheme

The IAS 19 results have been based on the actuarial valuation prepared on 30 June 2015 which has been rolled forward to 31 December 2019 using IAS 19 assumptions.

	2019 %	2018 %
The major assumptions used by the actuary were:		
Discount rate for liabilities	2.0	2.9
Price inflation	2.9	3.2
Rate of increase in salaries	2.9	3.2
Revaluation in deferment	2.8	3.1

Discretionary benefits: No allowance has been made for discretionary benefits.  
Tax free cash: 90% of members are assumed to take a tax free lump-sum in cash

Asset value: Surrender value  
Expenses: An allowance is made in the current service cost.  
Mortality after retirement: SAPS S2 tables with improvements in line with CMI 2017 projections with a smoothing factor of 7.5 and a 1.25% p.a. long term trend rate.

Sensitivity Analysis

Adjustment to Assumptions:	Plus 1%	Minus 1%
Discount Rate	(£379,570)	£484,733
Inflation	£53,854	(£60,066)
Salary increase	£0	£0
Life Expectancy (+/- 1 year)	£98,619	(£96,866)

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

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Equities	46	44
Property	14.4	16
Gilts and Bonds	28.1	30
Cash and other	11.5	10
	<hr/>	<hr/>
	100	100

The investments are selected in order to spread any risk to the company as far as possible and are approved by the Trustees. The investments comprise of Prudential Managed fund Units and accordingly risk is spread widely within the fund. There is no focus on any specific class of asset, the funds are considered to be spread evenly based on the professional fund Manager's decisions. The investments are matched to the maturity profile of the scheme.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Value of assets</b>		
Fair value of assets	4,085,962	3,563,000
Present value of funded obligations	(3,559,324)	(3,493,000)
 Scheme Surplus/(deficit)	 526,638	 70,000
Related deferred tax (Liability) / asset recognised (notes 11 and 16)	<u>(100,061)</u>	<u>(12,600)</u>
 Net pension asset / (liability)	 426,577	 57,400

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	37,879	79,000
Interest on pension liabilities	101,919	95,000
Interest on pension assets	<u>(107,453)</u>	<u>(90,000)</u>
Total	32,345	84,000

Current service cost is expensed to 'administrative expenses' and Interest is expensed to 'Other finance costs' in the profit and loss account.

Notes to the financial statements (continued)

17. Retirement benefit schemes (continued)

Analysis of amount recognised in the statement of comprehensive income:

	2019 £	2018 £
The return on plan assets (excluding amounts included in net interest expense)	130,941	(148,000)
Re-measurement of net pension liability	78,514	286,000
Total	209,455	138,000

Movement in surplus/(deficit) during the year:

	2019 £	2018 £
Surplus / (Deficit) in scheme at 1 January	70,000	(289,000)
Current service cost	(37,879)	(79,000)
Contributions made	279,528	305,000
Other finance costs	5,534	(5,000)
Re-measurement gain/(loss)	209,455	138,000
Administration costs	-	-
Surplus in scheme at 31 December	526,638	70,000

Reconciliation of assets and defined benefit obligation:

	2019 £	2018 £
The change in assets over the year was:		
Fair value of assets at the beginning of the year	3,563,000	3,310,000
Transfer from the fellow group undertaking	-	-
Interest on pension assets	107,453	90,000
Employer contributions	279,528	305,000
Contributions by scheme participants	5,040	6,000
Re-measurement (loss)/gain	130,941	(148,000)
Administration Costs	-	-
Net Benefits paid out	-	-
Fair value of assets at the end of the year	4,085,962	3,563,000

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

The change in defined benefit obligation over the year was:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Defined benefit obligation at the beginning of the year</b>	3,493,000	3,599,000
Transfer from the fellow group undertaking	-	-
Current service cost	37,879	79,000
Contributions by scheme participants	5,040	6,000
Interest on pension liabilities	101,919	95,000
Re-measurement gain	(78,515)	(286,000)
Net Benefits paid out	-	-
<b>Defined benefit obligation at the end of the year</b>	<b>3,559,323</b>	<b>3,493,000</b>

**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 2017 rolled forward to 31 December 2019 by a qualified actuary using IAS 19 assumptions.

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
The major assumptions used by the actuary were:		
Discount rate for liabilities	2.0	2.9
Price inflation	2.9	3.2
Rate of increase in salaries	2.9	3.2
Revaluation in deferment	2.8	3.1
Discretionary benefits:	No allowance has been made for discretionary benefits.	
Tax free cash:	90% of members are assumed to take 25% of their pension as 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 S2 tables with improvements in line with CMI 2017 projections with a smoothing factor of 7.5 and a 1.25% p.a. long term trend rate.	

**Sensitivity Analysis**

<b>Adjustment to Assumptions:</b>	<b>Plus 1%</b>	<b>Minus 1%</b>
Discount Rate	(£1,151,087)	£1,538,004
Inflation	£724,209	(£669,243)
Salary increase	£310,584	(£273,798)
Life Expectancy (+/- 1 year)	£184,180	(£181,723)

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.

Notes to the financial statements (continued)

17. Retirement benefit schemes (continued)

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

	2019 %	2018 %
Gilts and bonds	99	99
Cash	1	1
	100	100

The investments are selected in order to spread any risk to the company as far as possible and are approved by the Trustees. There is no focus on any specific class of asset, the long-term Bond and Gilt investments having been selected as most closely matching the scheme profile. Investments are managed by Legal & General.

17. Retirement benefit schemes (continued)

	2019 £	2018 £
<b>Value of assets</b>		
Fair value of assets	7,987,336	7,333,000
<b>Present value of funded obligations</b>	(5,715,725)	(5,232,000)
Scheme surplus	<u>2,271,611</u>	<u>2,101,000</u>
Related deferred tax liability recognised (notes 11 and 16)	<u>(431,606)</u>	<u>(378,180)</u>
<b>Net pension asset</b>	<u><b>1,840,005</b></u>	<u><b>1,722,820</b></u>

<b>Analysis of the amount recognised in the profit and loss over the year</b>	2019 £	2018 £
Current service cost	75,239	83,000
Interest on pension liabilities	145,649	141,000
Interest on pension assets	<u>(207,688)</u>	<u>(203,000)</u>
Total	13,200	21,000

Current service cost is expensed to 'administrative expenses' and Interest is expensed to 'Other finance costs' in the profit and loss account.



**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The return on plan assets (excluding amounts included in net interest expense)	789,355	(329,000)
Re-measurement of net pension liability	(757,305)	35,000
Effect of IFRIC 14 Adjustment	-	-
<b>Total</b>	<b>32,050</b>	<b>(294,000)</b>

**Movement in surplus during the year:**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Surplus in scheme at 1 January	2,101,000	2,340,000
Transfer from the fellow group undertaking	-	-
Current service cost	(75,239)	(83,000)
Past Service Cost	-	(85,000)
Other finance income	62,039	62,000
Re-measurement (loss)/gain	32,050	(294,000)
Contributions made	151,761	161,000
Administration Costs	-	-
<b>Surplus in scheme at 31 December</b>	<b>2,271,611</b>	<b>2,101,000</b>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The change in assets over the year was:		
<b>Fair value of assets at the beginning of the year</b>	<b>7,333,000</b>	<b>8,181,000</b>
Transfer from the fellow group undertaking	-	-
Interest on pension assets	207,688	203,000
Employer contributions	151,761	161,000
Contributions by scheme participants	8,814	9,000
Benefits paid	(503,282)	(892,000)
Re-measurement (gain)/loss	789,355	(329,000)
Administration Costs	-	-

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>The change in defined benefit obligation over the year was:</b>		
<b>Defined benefit obligation at the beginning of the year</b>	5,232,000	5,841,000
Transfer from the fellow group undertaking	-	-
Current service cost	75,239	83,000
Past Service Cost	-	85,000
Contributions by scheme participants	8,814	9,000
Interest cost on pension liabilities	145,649	141,000
Benefits paid	(503,282)	(892,000)
Re-measurement gain	757,305	(35,000)
<b>Defined benefit obligation at the end of the year</b>	<b>5,715,725</b>	<b>5,232,000</b>
<b>Fair value of assets at the end of the year</b>	<b>7,897,336</b>	<b>7,333,000</b>

ArcelorMittal Commercial UK Limited  
Accounts for the year ended 31 December 2019

Notes to the financial statements (continued)

17. Retirement benefit schemes (continued)

Summary of movement in surplus/(deficits)

	Sollac UK Ltd Scheme £	TradeArbed UK Ltd Scheme £	Steelinter UK Ltd Scheme £	Total £
(Deficit)/surplus in scheme at 1 January 2019	2,101,000	(3,655,000)	70,000	(1,484,000)
Transfer from the fellow group undertaking	0	0	0	0
Current service cost	(75,239)	(145,376)	(37,879)	(258,494)
Past service cost	0	0	0	0
Other finance (costs)/income	62,039	(103,529)	5,534	(35,956)
Re-measurement (loss)/gain	32,050	177,047	209,455	418,552
Contributions made	151,761	334,434	279,528	765,723
Administrative costs	0	(19,000)	0	(19,000)
(Deficit)/surplus in scheme at 31 December 2019	2,271,611	(3,411,424)	526,638	(613,175)
Related deferred tax recognised	(431,606)	648,171	(100,061)	116,503
<b>Net pension (liability)/surplus</b>	<b>1,840,005</b>	<b>(2,763,253)</b>	<b>426,577</b>	<b>(496,672)</b>
(Deficit)/surplus in scheme at 1 January 2018	2,340,000	(3,778,000)	(289,000)	(1,727,000)
Transfer from the fellow group undertaking	0	(449,000)	0	(449,000)
Current service cost	(83,000)	(213,000)	(79,000)	(375,000)
Past service cost	(85,000)	(240,000)	0	(325,000)
Other finance (costs)/income	62,000	(109,000)	(5,000)	(52,000)
Re-measurement gain	(294,000)	846,000	138,000	690,000
Contributions made	161,000	323,000	305,000	789,000
Administrative costs	0	(35,000)	0	(35,000)
(Deficit)/surplus in scheme at 31 December 2018	2,101,000	(3,655,000)	70,000	(1,484,000)
Related deferred tax recognised	(378,180)	657,900	(12,600)	267,120
<b>Net pension (liability)/asset</b>	<b>1,722,820</b>	<b>(2,997,100)</b>	<b>57,400</b>	<b>(1,216,880)</b>

Combined scheme summary

	2019 £	2018 £
Fair value of scheme assets	25,407,556	22,757,000
Present value of scheme liabilities	(26,020,731)	(24,241,000)
Deficit	613,175	(1,484,000)
Related deferred tax asset recognised (notes 11 and 16)	(116,503)	267,120
<b>Net Pension liability</b>	<b>(496,672)</b>	<b>(1,216,880)</b>

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**17. Retirement benefit schemes (continued)**

**Combined Scheme Summary (continued)**

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Equities	7,378,404	29.04	6,430,730	28.26
Property	3,341,536	13.15	570,080	2.51
Gilts and Bonds	13,324,050	52.44	12,242,700	53.80
Cash and other	1,363,566	5.37	3,513,490	15.44
	<u>25,407,556</u>	<u>100.00</u>	<u>22,757,500</u>	<u>100.00</u>

Contributions made are inclusive of the following deficit reduction contributions:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
TradeArbed UK Limited Scheme	182,400	182,400
Steelinter UK Limited Scheme	223,000	234,905
Sollac UK Limited Scheme	<u>45,750</u>	<u>52,764</u>
	451,150	470,069

The employer expects to contribute the following amounts to the Scheme's during the next financial year:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
TradeArbed UK Limited Scheme	182,400	182,400
Steelinter UK Limited Scheme	223,000	223,000
Sollac UK Limited Scheme	<u>45,750</u>	<u>45,750</u>
	451,150	451,150

**18. Called up share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Authorised, Allotted, called up and fully paid</b>		
2,212,882 Ordinary shares of £1 each	<u>2,212,882</u>	<u>2,212,882</u>
	<b>2,212,882</b>	<b>2,212,882</b>

**ArcelorMittal Commercial UK Limited**  
**Accounts for the year ended 31 December 2019**

**Notes to the financial statements (continued)**

**19. Profit and loss account**

	£
Balance at 1 January 2018	2,666,211
Profit for the year	1,752,391
Other comprehensive loss for the year	565,800
	<hr/>
<b>Balance at 31 December 2018</b>	<b>4,984,402</b>
Profit for the year	2,261,158
Other comprehensive income for the year	339,027
Dividends	(2,000,000)
	<hr/>
<b>Balance at 31 December 2019</b>	<b>5,584,587</b>

**20. 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:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	£	£	£	£
Operating leases with expiry:				
Within one year	181,539	169,925	14,495	3,913
Between two and five years	317,693	467,293	343,436	85,072
In over five years		-		-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>499,232</b>	<b>637,218</b>	<b>357,932</b>	<b>88,985</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.

**21. Capital commitments**

There were no capital commitments at 31 December 2019 (2018: £Nil).

**Notes to the financial statements (continued)**

**22. 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.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' remuneration		
Emoluments	535,455	511,534
Company contributions to defined benefit schemes	176,427	141,083
	<hr/>	<hr/>
	711,882	652,617

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
The number of directors who:		
Are members of a defined benefit pension scheme	4	4

	<b>£</b>	<b>£</b>
Remuneration of the highest paid director:		
Emoluments	151,803	144,238

The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £ 62,890 pa under the scheme at the end of the year. There is no accrued lump sum.

**23. Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was  
(there is only one category of employee):

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Permanent Employees	62	53

**Employment costs**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,416,475	2,827,954
Social security costs	448,630	362,446
Other pension costs	1,076,182	996,536
	<hr/>	<hr/>
	4,941,287	4,186,936

**Notes to the financial statements (continued)**

**24. Derivative financial instruments**

Outstanding contracts	Towards affiliated Undertakings		Notional value		Fair value	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>						
<b>Foreign exchange derivative instruments</b>	80,530,103	125,700,591	80,530,103	125,700,591	(1,358,410)	292,029
	<u>80,530,103</u>	<u>125,700,591</u>	<u>80,530,103</u>	<u>125,700,591</u>	<u>(1,358,410)</u>	<u>292,029</u>

The Company uses derivative financial instruments principally to manage its exposure to fluctuations in exchange rates. Derivative financial instruments are classified as current or non-currents assets or liabilities based on their maturity dates and are accounted for at trade date. The fair value of the financial asset/(liability) as of year-end is -£1,358,410 (2018: £292,029).

The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments. Gain or losses arising from changes in fair value of derivatives are recognized in the Profit and Loss Account.

**25. Control**

The company's ultimate parent undertaking and controlling party is ArcelorMittal S.A. which is incorporated in Luxembourg, 24-26 boulevard d'Avranches L-1160 Luxembourg, Grand Duchy of Luxembourg. This is the largest Group preparing Group Financial Statements 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

Financial Statements 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.