

**A K STEEL LIMITED**  
**DIRECTORS' REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Company Registration No 932617 (England and Wales)**

**MONDAY**



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# A K STEEL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Geraeds V Rao
<b>Company number</b>	932617
<b>Registered office</b>	Saffron Ground Ditchmore Lane Stevenage Herts SG1 3LJ
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Cambridge
<b>Bankers</b>	HSBC Bank plc Station Place Letchworth Garden City Herts SG6 3AJ

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# A K STEEL LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 19

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# **A K STEEL LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and financial statements for the year ended 31 December 2010

The directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption

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

The principal activity of the company continued to be that of the importation and sale of speciality steel products from associated companies and licensed producers

#### **Results and dividends**

The results for the year are set out on page 5

During the year the company paid dividends of £Nil (2009 - £241,764) to its members

#### **Directors**

The following directors have held office throughout the year

J Geraeds  
V Rao

#### **Going concern**

The company continues to report profits before tax and is forecast to do so for the foreseeable future. In addition to this, the company enjoys a positive cash position which is forecast to remain positive for the foreseeable future. The company has a diverse customer base and is well positioned with significant financial resources. As a consequence the directors believe that the company is well placed 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 the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Deloitte LLP be reappointed as auditor of the company will be put to the Annual General Meeting.

In the case of each of the persons who are directors of the company at the date when this report is approved

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and

- Each of the directors has taken all the steps that they ought to have taken as directors 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.

# A K STEEL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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### Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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.

On behalf of the board

  
J. Geraeds  
Director

Date 11/8/2011

# **A K STEEL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF A K STEEL LIMITED**

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We have audited the financial statements of AK Steel Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## A K STEEL LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF A K STEEL LIMITED

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report



David Halstead FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants & Statutory Auditor  
Cambridge, United Kingdom

Date 11 August 2011

# A K STEEL LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	2,242,546	1,693,691
Cost of sales		(1,525,180)	(1,032,945)
<b>Gross profit</b>		<b>717,366</b>	<b>660,746</b>
Distribution costs		(170,906)	(167,125)
Administrative expenses		(641,893)	(426,627)
Other operating income		162,570	151,795
<b>Operating profit</b>	<b>3</b>	<b>67,137</b>	<b>218,789</b>
Other interest receivable and similar income	4	1,980	-
<b>Profit on ordinary activities before taxation</b>		<b>69,117</b>	<b>218,789</b>
Tax on profit on ordinary activities	5	37,553	(61,336)
<b>Profit for the year</b>	<b>14</b>	<b>106,670</b>	<b>157,453</b>

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



# A K STEEL LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

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		2010	2009
	Notes	£	£
Profit for the financial year		106,670	157,453
Actuarial gain/(loss) on pension scheme	12	616,000	(725,000)
<b>Total recognised gains and losses relating to the year</b>		<u>722,670</u>	<u>(567,547)</u>

# A K STEEL LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Tangible assets	7		5,659		-
<b>Current assets</b>					
Stocks	8	555,537		588,090	
Debtors	9	667,732		300,340	
Cash at bank and in hand		121,055		121,763	
		<u>1,344,324</u>		<u>1,010,193</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>(468,125)</u>		<u>(250,265)</u>	
<b>Net current assets</b>			876,199		759,928
<b>Total assets less current liabilities</b>			881,858		759,928
<b>Provisions for liabilities</b>	11		<u>(1,260)</u>		-
			880,598		759,928
<b>Retirement benefit obligations</b>	12		<u>(116,000)</u>		<u>(718,000)</u>
<b>Net Assets</b>			<u>764,598</u>		<u>41,928</u>
<b>Capital and reserves</b>					
Called up share capital	13	455,000		455,000	
Profit and loss account	14	309,598		(413,072)	
<b>Shareholders' funds</b>	15	<u>764,598</u>		<u>41,928</u>	

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

Approved by the Board and authorised for issue on

11/8/2011

  
J. Geraeds  
Director

Company Registration No 932617

# **A K STEEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The going concern basis has been adopted in preparing the financial statements, as described in more detail on page 1.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 100 percent of the voting rights are controlled within the group.

##### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its provision of goods and services. It is measured at the fair value of the right to consideration, which represents amounts chargeable to customers, including expenses and disbursements but excluding value added tax.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% Reducing balance
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##### **1.4 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.5 Stock**

Stock is stated at the lower of cost and net realisable value.

##### **1.6 Pensions**

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

### 1 Accounting policies

(continued)

#### 1.7 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

#### 1.9 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.10 Other operating income

Other operating income is included in the accounts on an accruals basis

### 2 Turnover

In the opinion of the directors, there is one business segment which is reflected geographically as follows

#### Geographical market

	Turnover	
	2010	2009
	£	£
United Kingdom	2,037,865	1,409,120
Rest of Europe	204,681	284,571
	<u>2,242,546</u>	<u>1,693,691</u>

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

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<b>3</b>	<b>Operating profit</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	1,266	-
	Loss on foreign exchange transactions	11,857	-
	Operating lease rentals	27,828	16,070
	Auditor's remuneration Fees payable to the company's auditor for the audit of the company's annual accounts	15,691	15,960
	and after crediting		
	Profit on foreign exchange transactions	-	(35,924)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Other interest	1,980	-
		<u>          </u>	<u>          </u>

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010 £	2009 £
	<b>Domestic current year tax</b>		
	U K corporation tax	21,097	62,463
	Adjustment for prior years	(59,910)	(1,127)
	<b>Current tax (credit)/charge</b>	<b>(38,813)</b>	<b>61,336</b>
	<b>Deferred tax</b>		
	Origination and reversal of timing difference	1,260	-
		<b>(37,553)</b>	<b>61,336</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	69,117	218,789
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	19,353	61,261
	Effects of		
	Non deductible expenses	4,914	1,304
	Depreciation add back	354	-
	Capital allowances	(2,020)	(102)
	Adjustments to previous periods	(59,910)	(1,127)
	Other tax adjustments	(1,504)	-
		<b>(58,166)</b>	<b>75</b>
	<b>Current tax (credit)/charge</b>	<b>(38,813)</b>	<b>61,336</b>

A number of changes to the UK Corporation Tax System were announced in the March 2011 Budget Statement. A resolution under the Provisional Collections of Taxes Act (1968) was substantively enacted on 29 March 2011 and duly reduces the main rate of corporation tax from 28% to 26% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014.

6	Dividends	2010 £	2009 £
	Ordinary interim paid of £nil (2009 - 53.13p) per ordinary share	-	241,764

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 7 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 January 2010	-
Additions	6,925
	<hr/>
At 31 December 2010	6,925
	<hr/>
<b>Depreciation</b>	
At 1 January 2010	-
Charge for the year	1,266
	<hr/>
At 31 December 2010	1,266
	<hr/>
<b>Net book value</b>	
At 31 December 2010	5,659
	<hr/> <hr/>

8 Stocks	2010 £	2009 £
Finished goods and goods for resale	555,537	588,090
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost

9 Debtors	2010 £	2009 £
Trade debtors	606,391	285,509
Amounts owed by parent and fellow subsidiary undertakings	15,391	-
Corporation tax	26,182	-
Prepayments and accrued income	19,768	14,831
	<hr/>	<hr/>
	667,732	300,340
	<hr/>	<hr/>

All debtors are due within one year

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

10 Creditors amounts falling due within one year	2010 £	2009 £
Bank loans and overdrafts	619	-
Trade creditors	93,595	36,988
Amounts owed to parent and fellow subsidiary undertakings	235,478	34,510
Corporation tax	-	113,710
Other taxes and social security costs	41,925	15,147
Accruals and deferred income	96,508	49,910
	<u>468,125</u>	<u>250,265</u>

## 11 Provisions for liabilities

	Deferred tax liability £
Profit and loss account	1,260
Balance at 31 December 2010	<u>1,260</u>

The deferred tax liability is made up as follows

	2010 £	2009 £
Accelerated capital allowances	<u>1,260</u>	<u>-</u>



# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 12 Pension and other post-retirement benefit commitments Defined contribution

	2010 £	2009 £
Contributions payable by the company for the year	8,658	8,658

#### Employee benefit obligations

The company operates a defined benefit pension scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits, on attainment of a retirement age of 65, of 1/60 of final salary for each year of service up to a maximum of 40/60 of final salary. No other post-retirement benefits are provided. The scheme is a funded scheme.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out at 31 December 2010 by A H Probyn, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligation (ABO) is an actuarial measure of the present value for service already rendered but differs from the projected unit credit method in that it includes no assumptions for future salary increases. At the balance sheet date the gross accumulated benefit obligation was £1 371 million.

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2010 £	2009 £
Present value of funded obligations	1,371,000	2,359,000
Fair value of plan assets	(1,255,000)	(1,641,000)
	<u>116,000</u>	<u>718,000</u>

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 12 Pension and other post-retirement benefit commitments (continued)

The amounts recognised in the profit and loss are as follows.

	Defined benefit pension plans	
	2010 £	2009 £
<b>Included in operating profit</b>		
Current service cost	33,000	19,000
Interest on obligation	103,000	105,000
Expected return on pension scheme assets	(79,000)	(105,000)
<b>Total</b>	<b>57,000</b>	<b>19,000</b>
 Actual return on plan assets	 105,000	 39,000

#### Analysis of amount recognised in the statement of total recognised gains and losses

	Defined benefit pension plans	
	2010 £	2009 £
Actual return less expected return on pension scheme assets	26,000	(66,000)
Experience gains and losses arising on scheme liabilities	642,000	6,000
Changes in assumptions underlying the present value of the scheme liabilities	(52,000)	(665,000)
	<b>616,000</b>	<b>(725,000)</b>

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 12 Pension and other post-retirement benefit commitments (continued)

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	2010 £	2009 £
Opening defined benefit obligation	2,359,000	1,568,000
Current service cost (including member contributions)	42,000	27,000
Interest cost	103,000	105,000
Actuarial losses (gains)	(590,000)	659,000
Value of insured pensions	(543,000)	-
Total	<u>1,371,000</u>	<u>2,359,000</u>

Changes in fair value of plan assets are as follows

	Defined benefit pension plans	
	2010 £	2009 £
Opening fair value of plan assets	1,641,000	1,513,000
Expected return	79,000	105,000
Actuarial gains	26,000	(66,000)
Contributions by employer	43,000	81,000
Contributions from scheme participants	9,000	8,000
Value of insured pensions	(543,000)	-
	<u>1,255,000</u>	<u>1,641,000</u>

The major categories of plan assets as a percentage of total plan assets are as follows

	2010 %	2009 %
Equities	90	60
Bonds	4	3
Other assets	<u>6</u>	<u>37</u>

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 12 Pension and other post-retirement benefit commitments (continued)

Principal actuarial assumptions at the balance sheet date  
(expressed as weighted averages)

	2010 %	2009 %
Discount rate at 31 December 2010	5.40	5.60
Expected return on plan assets at 31 December 2010	6.71	6.55
Future salary increases	4.60	4.60
Future pension increases	3.50	3.50

Amounts for the current and previous four periods are as follows

Defined benefit pension plans

	2010 £	2009 £	2008 £	2007 £	2006 £
Defined benefit obligation	(1,371,000)	(2,359,000)	(1,568,000)	(1,538,000)	(2,314,000)
Plan assets	1,255,000	1,641,000	1,513,000	1,761,000	2,291,000
(Deficit)/surplus	(116,000)	(718,000)	(55,000)	223,000	(23,000)
Experience adjustments on plan liabilities	642,000	6,000	(21,000)	349,000	198,000
Experience adjustments on plan assets	26,000	(66,000)	(347,000)	(276,000)	1,000

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £912,000 (2009 - £912,000)

The estimated amounts of contribution expected to be paid to the scheme during the next financial year is £31,000 (2009 - £32,000)

13 Share capital	2010 £	2009 £
Allotted, called up and fully paid		
455,000 Ordinary shares of £1 each	455,000	455,000

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 14 Statement of movements on profit and loss account

	£
Balance at 1 January 2010	(413,072)
Profit for the year	106,670
Actuarial gains or losses on pension scheme assets	616,000
Balance at 31 December 2010	309,598

### 15 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	106,670	157,453
Dividends (note 6)	-	(241,764)
	106,670	(84,311)
Other recognised gains and losses	616,000	(725,000)
Net addition to/(reduction in) shareholders' funds	722,670	(809,311)
Opening shareholders' funds	41,928	851,239
Closing shareholders' funds	764,598	41,928

### 16 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire				
Within one year	-	-	1,015	-
Between two and five years	27,000	-	1,240	25,700
In over five years	-	9,120	-	-
	27,000	9,120	2,255	25,700

# A K STEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 17 Directors' emoluments

	2010 £	2009 £
Emoluments for qualifying services	107,345	130,920
Company pension contributions to money purchase schemes	8,658	8,658
	<u>116,003</u>	<u>139,578</u>

### 18 Employees

#### Number of employees

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

	2010 Number	2009 Number
Administration staff	<u>5</u>	<u>5</u>

#### Employment costs

	2010 £	2009 £
Wages and salaries	275,144	200,710
Social security costs	32,016	24,555
Other pension costs	65,658	27,658
Staff welfare costs	12,337	7,580
	<u>385,155</u>	<u>260,503</u>

### 19 Control

100% of the issued share capital of the company is owned by AK Steel International Limited, a company registered in England and Wales where accounts are available from its registered office at PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Herts, SG6 9BL. The directors consider this to be the immediate holding company.

The company's ultimate parent undertaking and controlling party is AK Steel Holding Corporation, a company incorporated in the United States of America. Copies of the accounts of the ultimate parent company are available from 703 Curtis Street, Middletown, Ohio 45043 0001, United States of America and this is the only group in which the results of the company are consolidated.

# **A K STEEL LIMITED**

## **ADDITIONAL INFORMATION (UNAUDITED)**

***FOR THE YEAR ENDED 31 DECEMBER 2010***

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The additional information which comprises the detailed trading profit and loss account and the schedule of distribution costs and administrative expenses has been prepared from the accounting records of the company. The additional information does not form part of the statutory financial statements.

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# A K STEEL LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2010

		2010		2009
	£	£	£	£
<b>Turnover</b>				
Intercompany sales		147,470		127,472
Domestic sales		2,095,076		1,566,219
		<u>2,242,546</u>		<u>1,693,691</u>
<b>Cost of sales</b>		(1,525,180)		(1,032,945)
<b>Gross profit</b>	31.99%	717,366	39.01%	660,746
<b>Distribution costs</b>	170,906		167,125	
<b>Administrative expenses</b>	641,893		426,627	
		<u>(812,799)</u>		<u>(593,752)</u>
		(95,433)		66,994
<b>Other operating income</b>				
Sundry income	-		175	
Commissions	162,570		151,620	
		<u>162,570</u>		<u>151,795</u>
<b>Operating profit</b>		67,137		218,789
<b>Other interest receivable and similar income</b>				
Interest on tax refunds		1,980		-
<b>Profit before taxation</b>	3.08%	<u>69,117</u>	12.92%	<u>218,789</u>



# A K STEEL LIMITED

## SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
<b>Distribution costs</b>		
Storage	96,000	96,000
Carriage outwards	-	467
Carriage in	74,906	70,658
	<u>170,906</u>	<u>167,125</u>
 <b>Administrative expenses</b>		
Wages and salaries	167,799	69,790
Directors' remuneration	107,345	130,920
Employer's N I contributions	32,016	24,555
Directors' pension costs	8,658	8,658
Defined benefit pension costs	57,000	19,000
Employee BUPA	12,337	7,580
Rent	27,828	16,070
Insurance	17,967	13,545
Light and heat	605	2,331
Repairs and maintenance	16,761	5,981
Printing, postage and stationery	4,717	3,811
Advertising	3,989	2,191
Telephone	6,616	9,159
Technical assistance	1,194	-
Hire of equipment	20,264	29,347
Motor running expenses	8,610	9,522
Travelling expenses	23,212	28,484
Entertaining	2,570	3,126
Legal and professional fees	58,052	24,744
Accountancy	20,505	26,941
Audit fees	15,691	15,960
Bank charges	2,178	937
Bad and doubtful debts	(48)	8,347
Loss/(profit) on foreign currency	11,857	(35,924)
Sundry expenses	10,173	1,552
Subscriptions	2,731	-
Depreciation on tangible fixed assets	1,266	-
	<u>641,893</u>	<u>426,627</u>