

COMPANY REGISTRATION NUMBER: 00932617

**AK Steel Limited**  
**Financial Statements**  
**For the year ended**  
**31 December 2017**

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# **AK Steel Limited**

## **Financial Statements**

**Year ended 31 December 2017**

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# **AK Steel Limited**

## **Officers and Professional Advisers**

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### **THE BOARD OF DIRECTORS**

J Geraeds  
G Baert (Retired 31 March 2017)  
AK Steel International B.V. (Appointed 1 April 2017)

### **REGISTERED OFFICE**

The Business & Technology Centre  
Room S04  
Bessemer Drive  
Stevenage  
Herts  
SG1 2DX

### **AUDITOR**

Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

### **BANKERS**

HSBC Bank Plc  
Station Place  
Letchworth  
Hertfordshire  
SG6 3AJ

# **AK Steel Limited**

## **Directors' Report**

**Year ended 31 December 2017**

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The directors present their report and the financial statements of the company for the year ended 31 December 2017.

### **Principal activities**

The principal activity of the company during the year was the importation and sale of speciality steel products from associated companies and licenced producers.

### **Directors**

The directors who served the company during the year were as follows:

J Geraeds	
AK Steel International B.V.	(Appointed 1 April 2017)
G Baert	(Retired 31 March 2017)

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

# **AK Steel Limited**

## **Directors' Report** *(continued)*

**Year ended 31 December 2017**

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### **Auditor**

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 28 March 2018 and signed on behalf of the board by:



J. Geraeds  
Director

# **AK Steel Limited**

## **Independent Auditor's Report to the Members of AK Steel Limited**

**Year ended 31 December 2017**

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### **Opinion**

We have audited the financial statements of AK Steel Limited (the 'company') for the year ended 31 December 2017 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

# **AK Steel Limited**

## **Independent Auditor's Report to the Members of AK Steel Limited** *(continued)*

**Year ended 31 December 2017**

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### **Other information**

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

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# **AK Steel Limited**

## **Independent Auditor's Report to the Members of AK Steel Limited** *(continued)*

**Year ended 31 December 2017**

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### **Responsibilities of directors**

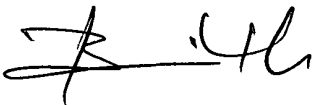
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation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



Benjamin Halstead (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

28 March 2018



# AK Steel Limited

## Income Statement

Year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	<b>5</b>	<b>921,138</b>	<b>886,910</b>
Cost of sales		<u>(528,271)</u>	<u>(561,620)</u>
<b>Gross profit</b>		<b>392,867</b>	<b>325,290</b>
Distribution costs		(74,750)	(76,333)
Administrative expenses		<u>(294,451)</u>	<u>(508,800)</u>
Other operating income	<b>6</b>	<b>86,374</b>	<u>121,267</u>
<b>Operating profit/(loss)</b>	<b>7</b>	<b>110,040</b>	<b>(138,576)</b>
Interest receivable	<b>12</b>	<b>9</b>	<b>288</b>
Interest payable	<b>13</b>	<u>(6,000)</u>	<u>(22,247)</u>
<b>Profit/(loss) before taxation</b>		<b>104,049</b>	<b>(160,535)</b>
Taxation on ordinary activities	<b>14</b>	<u>(19,278)</u>	<u>29,214</u>
<b>Profit/(loss) for the financial year</b>		<u><b>84,771</b></u>	<u><b>(131,321)</b></u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

# **AK Steel Limited**

## **Statement of Comprehensive Income**

**Year ended 31 December 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year	<b>84,771</b>	<b>(131,321)</b>
Remeasurement of the net defined benefit plan	<b>197,000</b>	<b>(102,000)</b>
Tax relating to components of other comprehensive income	<b>(37,800)</b>	<b>15,240</b>
<b>Other comprehensive income for the year</b>	<b><u>159,200</u></b>	<b><u>(86,760)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>243,971</u></b>	<b><u>(218,081)</u></b>

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**The notes on pages 11 to 21 form part of these financial statements.**

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# AK Steel Limited

## Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors	15	201,281	371,065
Cash at bank and in hand		849,258	648,849
		<u>1,050,539</u>	<u>1,019,914</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>69,431</u>	<u>72,777</u>
<b>Net current assets</b>		<b>981,108</b>	<b>947,137</b>
<b>Total assets less current liabilities</b>		<b>981,108</b>	<b>947,137</b>
<b>Net assets excluding defined benefit pension plan liability</b>		<b>981,108</b>	<b>947,137</b>
Defined benefit pension plan liability	18	<u>(48,000)</u>	<u>(258,000)</u>
<b>Net assets including defined benefit pension plan liability</b>		<b>933,108</b>	<b>689,137</b>
<b>Capital and reserves</b>			
Called up share capital	19	455,000	455,000
Profit and loss account	20	478,108	234,137
<b>Shareholders funds</b>		<b>933,108</b>	<b>689,137</b>

These financial statements were approved by the board of directors and authorised for issue on 28 March 2018 and are signed on behalf of the board by:

  
Geraeds  
Director

Company registration number: 00932617

The notes on pages 11 to 21 form part of these financial statements.

# AK Steel Limited

## Statement of Changes in Equity

Year ended 31 December 2017

	Note	Called up share capital £	Profit and loss account £	Total £
<b>At 1 January 2016</b>		455,000	452,218	907,218
Loss for the year			(131,321)	(131,321)
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	18	—	(102,000)	(102,000)
Tax relating to components of other comprehensive income	14	—	15,240	15,240
<b>Total comprehensive income for the year</b>		—	(218,081)	(218,081)
<b>At 31 December 2016</b>		455,000	234,137	<b>689,137</b>
Profit for the year			84,771	<b>84,771</b>
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	18	—	197,000	<b>197,000</b>
Tax relating to components of other comprehensive income	14	—	(37,800)	<b>(37,800)</b>
<b>Total comprehensive income for the year</b>		—	243,971	<b>243,971</b>
<b>At 31 December 2017</b>		<u>455,000</u>	<u>478,108</u>	<u><b>933,108</b></u>

The notes on pages 11 to 21 form part of these financial statements.

# **AK Steel Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2017**

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### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Business & Technology Centre, Room S04, Bessemer Drive, Stevenage, SG1 2DX, Herts.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Company information**

The principal activity of the company during the year was the importation and sale of speciality steel products from associated companies and licensed products.

### **4. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

As part of their going concern review, the directors have considered the liabilities of the company and have a reasonable expectation that the company will be able to meet its liabilities as they fall due for the foreseeable future and that the company will continue in operational existence. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of AK Steel Holding Corporation which can be obtained from 9227 Centre Pointe Drive, West Chester, Ohio 45069. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

Disclosures in respect of each class of share capital have not been presented.

No cash flow statement has been presented for the company.

Disclosures in respect of financial instruments have not been presented.

Disclosures in respect of share-based payments have not been presented.

No disclosure has been given for the aggregate remuneration of key management personnel.

# **AK Steel Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2017**

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### **4. Accounting policies** *(continued)*

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

The judgements and accounting estimates that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as disclosed in the accounting policies and notes to these financial statements.

#### **Revenue recognition**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

#### **Exceptional items**

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

# **AK Steel Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2017**

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### **4. Accounting policies** *(continued)*

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit and loss.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures, fittings & equipment - 33% straight line or 20% reducing balance

#### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

#### **Defined benefit pension plans**

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

# AK Steel Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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### 4. Accounting policies *(continued)*

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

### 5. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>921,138</u>	<u>886,910</u>

In the opinion of the directors, all turnover has been generated within the United Kingdom.

### 6. Other operating income

	2017	2016
	£	£
Management charges receivable	<u>86,374</u>	<u>121,267</u>

### 7. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	–	287
Impairment of trade debtors	577	15,657
Foreign exchange differences	<u>8,543</u>	<u>(20,893)</u>

### 8. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>6,655</u>	<u>6,820</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	2,500	2,400
Other non-audit services	<u>2,470</u>	<u>2,363</u>
	<u>4,970</u>	<u>4,763</u>



# AK Steel Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2017**

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### 9. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017 No.	2016 No.
Administrative staff	<u>3</u>	<u>3</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	139,183	261,678
Social security costs	7,512	26,233
Other pension costs	17,102	17,581
	<u>163,797</u>	<u>305,492</u>

### 10. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	–	64,555
Company contributions to defined contribution pension plans	–	2,032
	<u>–</u>	<u>66,587</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined contribution plans	<u>–</u>	<u>1</u>

### 11. Exceptional items

	2017 £	2016 £
Restructuring costs	<u>–</u>	<u>99,599</u>

During the comparative year the company undertook a restructuring programme to reduce overheads. The total cost of this exercise was £99,599. These costs have been included within administrative costs.

# AK Steel Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 12. Interest receivable

	2017	2016
	£	£
Interest on cash and cash equivalents	9	22
Interest receivable on early settlement of corporation tax	—	266
	<u>9</u>	<u>288</u>

### 13. Interest payable

	2017	2016
	£	£
Net finance costs in respect of defined benefit pension plans	6,000	21,000
Other interest payable and similar charges	—	1,247
	<u>6,000</u>	<u>22,247</u>

### 14. Taxation on ordinary activities

#### Major components of tax expense/(income)

	2017	2016
	£	£
<b>Current tax:</b>		
Adjustments in respect of prior periods	—	(205)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	19,278	(29,009)
<b>Taxation on ordinary activities</b>	<u>19,278</u>	<u>(29,214)</u>

#### Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £37,800 (2016: £(15,240)).

# AK Steel Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

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#### 14. Taxation on ordinary activities *(continued)*

##### Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£	£
Profit/(loss) on ordinary activities before taxation	<u>104,049</u>	<u>(160,535)</u>
Profit/(loss) on ordinary activities by rate of tax	20,029	(32,107)
Adjustment to tax charge in respect of prior periods	–	(205)
Effect of expenses not deductible for tax purposes	587	676
Effect of capital allowances and depreciation	–	(715)
Effect of different UK tax rates on some earnings	–	3,137
Utilisation of tax losses	(20,616)	–
Unused tax losses	<u>19,278</u>	<u>–</u>
Tax on profit/(loss)	<u>19,278</u>	<u>(29,214)</u>

#### 15. Debtors

	2017	2016
	£	£
Trade debtors	169,878	229,725
Deferred tax asset	17,598	74,676
Prepayments and accrued income	11,060	10,303
Other debtors	<u>2,745</u>	<u>56,361</u>
	<u>201,281</u>	<u>371,065</u>

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

	2017	2016
	£	£
Trade creditors	5,922	8,267
Amounts owed to group undertakings	9,696	17,361
Accruals and deferred income	28,962	30,060
Social security and other taxes	22,870	17,089
Other creditors	<u>1,981</u>	<u>–</u>
	<u>69,431</u>	<u>72,777</u>

# AK Steel Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 15)	<u>17,598</u>	<u>74,676</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Unused tax losses	8,958	28,236
Pension plan obligations	8,640	46,440
	<u>17,598</u>	<u>74,676</u>

### 18. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £17,102 (2016: £15,548).

#### Defined benefit plans

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 1/60th of their final salary for each year of service up to a maximum of 40/60 of their 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 2017 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 valuation method that sees each period of service as giving rise to an additional benefit entitlement and measures each unit separately to build up the final obligation.

The statement of financial position net defined benefit liability is determined as follows:

	2017	2016
	£	£
Present value of defined benefit obligations	(1,869,000)	(1,965,000)
Fair value of plan assets	<u>1,821,000</u>	<u>1,707,000</u>
	<u>(48,000)</u>	<u>(258,000)</u>

# AK Steel Limited

## Notes to the Financial Statements (continued)

### Year ended 31 December 2017

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#### 18. Employee benefits (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2017 £
At 1 January 2017	1,965,000
Interest expense	52,000
Benefits paid	(51,000)
Change of assumptions	(101,000)
Remeasurements:	
Actuarial gains and losses	4,000
<b>At 31 December 2017</b>	<b>1,869,000</b>

Changes in the fair value of plan assets are as follows:

	2017 £
At 1 January 2017	1,707,000
Benefits paid	(51,000)
Contributions by employer	19,000
Remeasurements:	
Actuarial gains and losses	100,000
Return on plan assets, excluding amount included in interest income	46,000
<b>At 31 December 2017</b>	<b>1,821,000</b>

The total costs for the year in relation to defined benefit plans are as follows:

	2017 £	2016 £
Recognised in profit or loss:		
Current service credit	—	5,000
Net interest expense	6,000	6,000
	<u>6,000</u>	<u>11,000</u>
Recognised in other comprehensive income:		
Actuarial gains and losses on liabilities	(4,000)	96,000
Change in assumptions	101,000	(414,000)
Remeasurement of the liability:		
Return on plan assets, excluding amounts included in net interest	100,000	215,000
	<u>197,000</u>	<u>(103,000)</u>

# AK Steel Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 18. Employee benefits (continued)

The fair value of the major categories of plan assets are as follows:

	2017	2016
	%	%
Equity instruments	37.00	40.00
Debt instruments	49.00	43.00
Property	12.00	18.00
Other	2.00	(1.00)

The return on plan assets are as follows:

	2017	2016
	£	£
Return on assets of benefit plan	<u>46,000</u>	<u>59,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2017	2016
	%	%
Discount rate	2.70	2.70
Expected rate of increase in pensions	3.40	3.40
Inflation assumption	2.50	2.50
Mortality rates:		
Current pensioners at 65 - male	1.25	1.50
Current pensioners at 65 - female	<u>1.25</u>	<u>1.00</u>

### 19. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>455,000</u>	<u>455,000</u>	<u>455,000</u>	<u>455,000</u>

### 20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 21. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	8,972	9,178
Later than 1 year and not later than 5 years	<u>14,007</u>	<u>1,370</u>
	<u>22,979</u>	<u>10,548</u>

# **AK Steel Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2017**

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### **22. Related party transactions**

The company provides administration services and makes payments on behalf of its pension fund. At the year end the company owed the pension fund £1,981 (2016 - £34,429).

The company has taken advantage of the exemption available in FRS 102 not to disclose transactions with group companies on the grounds that A K Steel Limited is a wholly owned subsidiary of the group.

### **23. Controlling party**

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 9227 Centre Pointe Drive, West Chester, Ohio 45069, United States of America and this is the only group in which the results of the company are consolidated.