

COMPANY REGISTRATION NUMBER: 00932617

AK Steel Limited
Financial Statements
For the year ended
31 December 2020



AK Steel Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

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.

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

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 2020

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 19 April 2021 and signed on behalf of the board by:


Geraeds
Director

AK Steel Limited

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

Year ended 31 December 2020

Opinion

We have audited the financial statements of AK Steel Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, statement of comprehensive income, statement of financial position 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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.

Emphasis of matter - basis of preparation/financial statements prepared on a basis other than going concern

We draw attention to note 4 in the financial statements, stating that the directors have prepared the financial statements on a basis other than going concern as the company is unlikely to trade for the entire following twelve months, despite the UK based trade continuing to operate under the direct ownership of AK Steel International BV. There were no material adjustments that arose as a result of ceasing to apply the going concern basis and our opinion is not modified in respect of this matter.

AK Steel Limited

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

Year ended 31 December 2020

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 2020

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

AK Steel Limited

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

Year ended 31 December 2020

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

AK Steel Limited

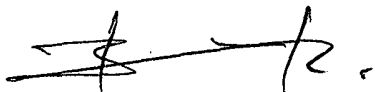
Independent Auditor's Report to the Members of AK Steel Limited *(continued)*

Year ended 31 December 2020

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. This description forms part of our auditor's report.

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.



Benjamin Halstead, FCA (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

19 April 2021

AK Steel Limited

Income Statement

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	5	1,116,659	1,595,358
Cost of sales		<u>(759,470)</u>	<u>(1,020,608)</u>
Gross profit		357,189	574,750
Distribution costs		(70,407)	(110,291)
Administrative expenses		(324,734)	(432,251)
Other operating income	6	<u>7,347</u>	<u>4,935</u>
Operating (loss)/profit	7	(30,605)	37,143
Interest receivable	10	19	40
Interest payable	11	<u>(1,000)</u>	<u>(2,000)</u>
(Loss)/profit before taxation		(31,586)	35,183
Taxation on ordinary activities	12	<u>5,550</u>	<u>(12,213)</u>
(Loss)/profit for the financial year		<u>(26,036)</u>	<u>22,970</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

AK Steel Limited

Statement of Comprehensive Income

Year ended 31 December 2020

	2020	2019
	£	£
(Loss)/profit for the financial year	(26,036)	22,970
Remeasurement of the net defined benefit plan	(30,000)	6,000
Tax relating to components of other comprehensive income	9,970	(170)
Other comprehensive income for the year	(20,030)	5,830
Total comprehensive income for the year	(46,066)	28,800

The notes on pages 11 to 20 form part of these financial statements.

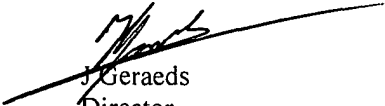
AK Steel Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	1,330	1,729
Current assets			
Debtors	15	332,800	266,010
Cash at bank and in hand		<u>482,688</u>	<u>573,101</u>
		815,488	839,111
Creditors: amounts falling due within one year	16	<u>220,520</u>	<u>245,476</u>
Net current assets		<u>594,968</u>	<u>593,635</u>
Total assets less current liabilities		<u>596,298</u>	<u>595,364</u>
Net assets excluding defined benefit pension plan liability		<u>596,298</u>	<u>595,364</u>
Defined benefit pension plan liability	18	<u>(99,000)</u>	<u>(52,000)</u>
Net assets including defined benefit pension plan liability		<u>497,298</u>	<u>543,364</u>
Capital and reserves			
Called up share capital	19	455,000	455,000
Profit and loss account	20	<u>42,298</u>	<u>88,364</u>
Shareholders funds		<u>497,298</u>	<u>543,364</u>

These financial statements were approved by the board of directors and authorised for issue on 19 April 2021, and are signed on behalf of the board by:


J. Geraeds
Director

Company registration number: 00932617

The notes on pages 11 to 20 form part of these financial statements.

AK Steel Limited

Notes to the Financial Statements

Year ended 31 December 2020

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 G28/G29, 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 decided to prepare these accounts on a basis other than going concern as it is expected within the next twelve months that the immediate parent company, AK Steel International BV, will purchase the assets and liabilities of the company and the operations of the company will cease, with the UK based trade continuing under the direct ownership of AK Steel International BV. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 Cleveland-Cliff Inc which can be obtained from 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315, United States of America. 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 2020

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 receipt 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.

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.

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.

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

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 and fittings - 20% straight line per annum

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

5. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>1,116,659</u>	<u>1,595,358</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

6. Other operating income

	2020	2019
	£	£
Management charges receivable	<u>7,347</u>	<u>4,935</u>

7. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Depreciation of tangible assets	399	266
Impairment of trade debtors	133	(2,822)
Foreign exchange differences	<u>11,216</u>	<u>28,876</u>

8. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>6,950</u>	<u>6,875</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	3,239	2,980
Other non-audit services	<u>626</u>	<u>970</u>
	<u>3,865</u>	<u>3,950</u>

9. Particulars of employees

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

	2020	2019
	No.	No.
Administrative staff	<u>3</u>	<u>5</u>

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Particulars of employees *(continued)*

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

	2020	2019
	£	£
Wages and salaries	193,711	205,999
Social security costs	21,244	26,418
Other pension costs	(3,888)	29,608
	<u>211,067</u>	<u>262,025</u>

10. Interest receivable

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>19</u>	<u>40</u>

11. Interest payable

	2020	2019
	£	£
Net finance costs in respect of defined benefit pension plans	<u>1,000</u>	<u>2,000</u>

12. Taxation on ordinary activities

Major components of tax (income)/expense

	2020	2019
	£	£
Current tax:		
UK current tax (income)/expense	(5,509)	11,919
Deferred tax:		
Origination and reversal of timing differences	<u>(41)</u>	<u>294</u>
Taxation on ordinary activities	<u>(5,550)</u>	<u>12,213</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 £(9,970) (2019: £170).

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

12. Taxation on ordinary activities *(continued)*

Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
(Loss)/profit on ordinary activities before taxation	<u>(31,586)</u>	<u>35,183</u>
(Loss)/profit on ordinary activities by rate of tax	(6,001)	6,685
Effect of expenses not deductible for tax purposes	492	5,234
Unused tax losses	<u>(41)</u>	<u>294</u>
Tax on (loss)/profit	<u>(5,550)</u>	<u>12,213</u>

13. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>—</u>	<u>500,000</u>

14. Tangible assets

	Fixtures and fittings £
Cost	
At 1 January 2020 and 31 December 2020	<u>1,995</u>
Depreciation	
At 1 January 2020	266
Charge for the year	<u>399</u>
At 31 December 2020	<u>665</u>
Carrying amount	
At 31 December 2020	<u>1,330</u>
At 31 December 2019	<u>1,729</u>

AK Steel Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

15. Debtors

	2020	2019
	£	£
Trade debtors	299,611	246,751
Deferred tax asset	18,557	8,546
Prepayments and accrued income	9,051	10,640
Corporation tax repayable	5,508	—
Other debtors	73	73
	<u>332,800</u>	<u>266,010</u>

16. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	233	3,786
Amounts owed to group undertakings	123,376	103,049
Accruals and deferred income	26,977	34,464
Corporation tax	—	20,968
Social security and other taxes	69,899	55,882
Other creditors	35	27,327
	<u>220,520</u>	<u>245,476</u>

17. Deferred tax

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

	2020	2019
	£	£
Included in debtors (note 15)	<u>18,557</u>	<u>8,546</u>

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

	2020	2019
	£	£
Accelerated capital allowances	253	294
Pension plan obligations	<u>(18,810)</u>	<u>(8,840)</u>
	<u>(18,557)</u>	<u>(8,546)</u>

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £(3,888) (2019: £29,608).

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

18. Employee benefits *(continued)*

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 2019 by Carol Cole of Verulam Gemmells, Fellow of the Institute and Faculty 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:

	2020	2019
	£	£
Present value of defined benefit obligations.	(2,251,000)	(2,053,000)
Fair value of plan assets	2,152,000	2,001,000
	<u>(99,000)</u>	<u>(52,000)</u>

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

	2020
	£
At 1 January 2020	2,053,000
Interest expense	40,000
Benefits paid	(71,000)
Change of assumptions	257,000
Remeasurements:	
Actuarial gains and losses	(28,000)
At 31 December 2020	<u>2,251,000</u>

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

	2020
	£
At 1 January 2020	2,001,000
Benefits paid	(71,000)
Expenses paid from the scheme	(16,000)
Remeasurements:	
Actuarial gains and losses	199,000
Return on plan assets, excluding amount included in interest income	39,000
At 31 December 2020	<u>2,152,000</u>

AK Steel Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

18. Employee benefits (continued)

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

	2020	2019
	£	£
Recognised in profit or loss:		
Net interest expense	1,000	2,000
Recognised in other comprehensive income:		
Actuarial gains and losses on liabilities	28,000	(25,000)
Change in assumptions	(257,000)	(214,000)
Remeasurement of the liability:		
Return on plan assets, excluding amounts included in net interest	199,000	245,000
	<u>(30,000)</u>	<u>6,000</u>

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

	2020	2019
	%	%
Equity instruments	27.00	29.00
Debt instruments	32.00	35.00
Cash and cash equivalents	27.00	22.00
Other	14.00	14.00

The return on plan assets are as follows:

	2020	2019
	£	£
Return on assets of benefit plan	<u>39,000</u>	<u>50,000</u>

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

	2020	2019
	%	%
Discount rate	1.10	2.00
Expected rate of increase in pensions	3.20	3.30
Inflation assumption	2.30	2.40
Mortality rates:		
Current pensioners at 65 - male	88.70	86.90
Current pensioners at 65 - female	<u>88.70</u>	<u>88.60</u>

19. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>455,000</u>	<u>455,000</u>	<u>455,000</u>	<u>455,000</u>

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

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:

	2020	2019
	£	£
Not later than 1 year	5,275	15,377
Later than 1 year and not later than 5 years	–	9,591
	<u>5,275</u>	<u>24,968</u>

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 £35 (2019 - £27,326).

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 Cleveland-Cliffs Inc, a company incorporated in the United States of America. Copies of the accounts of the ultimate parent company are available from 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315, United States of America and this is the only group in which the results of the company are consolidated.