ArcelorMittal Kent Wire Limited

Annual Report and Financial Statements

for the year ended 31 December 2015

Registered number 02153671

ArcelorMittal Kent Wire Limited

Annual Report and financial statements for the year ended 31 December 2015

Contents

ArcelorMittal Kent Wire Limited

Annual report and financial statements for the year ended 31 December 2015

Officers and professional advisers

Directors

L Bandusch
P Taylor
J Posekardt

Company Secretary

S L Collins

Registered office

Forest House
Northside Three
Chatham Docks
Chatham
Kent
ME4 4SR

Bankers

HSBC Bank plc
231 High Street
Chatham
Kent
ME4 4BQ

Solicitors

Adams & Remers LLP
Trinity House
School Hill
Lewes
Sussex
BN7 2NN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
Crawley
United Kingdom

ArcelorMittal Kent Wire Limited

Strategic report

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006

Business review and business risks

The company incurred a pre tax loss of £2,258,829 (2014 – pre tax loss (£262,258), following revaluation of fixed assets) The principal business risks faced by the company relate to unfavourable fluctuations in the general economic environment, as well as movements in commodity prices The business maintained its core trading activities in the supply of steel reinforcement products to the UK construction industry during 2015 The company measures its performance in respect of sales volumes, mix and selling prices, which together form the basis of the company's turnover figure Business turnover reduced during 2015 compared to 2014, with total volumes remaining relatively consistent year on year, but with lower selling prices and a slightly weaker sales mix resulted in the lower turnover The operations of the business were also adversely affected by the relocation of the business within Chatham Docks

Going concern

The company has the facility to borrow up to £1m through the group's Treasury division in order to finance its operations and also forms part of the group's debt factoring arrangement which it joined during 2014 The company is dependent on the continued support of its parent company ArcelorMittal Hamburg GmbH for the provision of credit terms on the intercompany liability arising from the purchases of wire mesh coil and other products The Directors of the company have obtained confirmation from ArcelorMittal Hamburg GmbH that credit terms will continue to be granted on the intercompany liability The Directors of the company confirm that the business has adequate resources to continue its operations into the foreseeable future

Key performance indicators

The key financial highlights are as follows

		2015	2014	2013	2012
Turnover	(£'000)	29,447	38,785	40,164	30,375
Turnover growth	(%)	(24)	(3)	32	(15)
Gross profit margin	(%)	4	8	8	3
(Loss)/profit before tax	(£'000)	(2,259)	(262)	319	(1,413)

Principal risks and uncertainties

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk The company does not use derivative financial instruments for speculative purposes

Cash flow risk
The company's activities expose it to the financial risk of changes in foreign currency exchange rates The company uses either foreign exchange forward contracts to manage these risks, or mitigates them through normal trading activities with group companies

Credit risk
The company's principal financial assets are bank balances and cash, trade and other debtors

The company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of allowances for doubtful debtors An allowance for impairment is made for where there is an identified loss event, which based on previous experience and current knowledge, is evidence of a reduction in the recoverability of the cash flows

The company has no significant concentration of credit risk as all customers are credit insured and exposure is spread over a large number of customers

Liquidity risk
In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company utilises the cash flow generated from the group's factoring agreement as well as using its cash resources and if required, bank finance and credit finance provided by the ultimate parent undertaking

ArcelorMittal Kent Wire Limited

Strategic report (continued)

Future developments

The Directors expect the general level of activity to remain consistent with 2015 in the forthcoming year This is as a result of the continued growth of the construction industry There have been no other significant events since the balance sheet date as confirmed in note 22 of the financial statements

Approved by the Board and signed on its behalf by

S L Collins
Company secretary

15th November, 2016

Registered office

Forest House
Northside Three
Chatham Docks
Chatham
Kent
ME4 4SR

ArcelorMittal Kent Wire Limited

Directors' report

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2015

Principal activities

The principal activities of the company during the year continued to be that of wire fabric production for the use in the construction industry and the supply of rebar prefabricated items

Future developments

Details of future developments and events that have occurred since the balance sheet date can be found in the Strategic Report on page 3 and form part of this report by cross-reference

Dividends

The directors do not recommend the payment of a dividend to the parent company in 2015 (2014 - £nil)

Directors

The directors who served during the year and subsequent to the year end were as follows

L Bandusch
P Taylor
J Posekardt

Directors' indemnities

The company has qualifying third party indemnity provision for the benefit of its directors (individually insured for £1m under the global policy) which were made during the year and remain in force at the date of this report

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and accordingly, a resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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

Approved by the Board and signed on its behalf by

P Taylor
Director
15th November 2016

Registered office

Forest House
Northside Three
Chatham Docks
Chatham
Kent
ME4 4SR

ArcelorMittal Kent Wire Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of ArcelorMittal Kent Wire Limited

We have audited the company financial statements of ArcelorMittal Kent Wire Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

William Farren

William Farren, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
15 November, 2016

ArcelorMittal Kent Wire Limited

Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	29,446,554	38,784,893
Cost of sales		(28,149,665)	(35,874,932)
Gross profit		1 296,889	2,909,961
Distribution costs		(2,001,302)	(1,904,017)
Administrative expenses		(2,183,158)	(2,212,541)
Other operating income		812,845	964,933
Operating loss	4	(2,074,726)	(241,664)
Dividend received		-	300,000
Finance costs (net)	8	(184,103)	(320,594)
Loss on ordinary activities before taxation		(2,258,829)	(262,258)
Taxation on profit on ordinary activities	9	494,141	124,384
Loss for the financial year		(1,764,688)	(137,874)
Loss for the period attributable to:			
Equity shareholders of the company		(1,764,688)	(137,874)

All the results derive from continuing operations

The notes on pages 10 - 22 form part of the financial statements

ArcelorMittal Kent Wire Limited

Balance Sheet
31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	10	3,914,114	4,204,721
Investments	11	10,000	10,000
		3,924,114	4,214,721
Current assets			
Stocks	12	4,280,346	6,547,125
Debtors			
- due within one year	13	8,308,504	8,339,221
Cash at bank and in hand		1,354,929	1,121,132
		13,943,779	16,007,478
Creditors: amounts falling due within one year	14	(16,582,185)	(16,552,923)
Net current assets		(2,638 406)	(545,445)
Total assets less current liabilities		1,285,708	3,669,276
Provisions for liabilities	15	(168,631)	(787,511)
		1,117,077	2,881,765
Capital and reserves			
Called up share capital	18	1,500,000	1,500,000
Revaluation reserve		825,448	907,993
Profit and loss account		(1,208,371)	473,772
Total shareholders' funds		1,117,077	2,881,765

The notes on pages 10 - 22 form part of the financial statements

The financial statements of ArcelorMittal Kent Wire Limited (registered number 02153671) were approved by the board of directors and authorised for issue on 15th November, 2016

They were signed on its behalf by

P Taylor
Director

ArcelorMittal Kent Wire Limited

Statement of changes in equity
At 31 December 2015

	Called-up share capital £	Profit and loss account £	Revaluation reserve £	Total £
At 31 December 2013 as previously stated	1,500,000	529 101		2 029 101
Changes on transition to FRS 102 (see note 23)	-		990 538	990 538
At 1 January 2014 as restated	1,500 000	529 101	990 538	3 019 639
Loss for the financial year 2014 as restated	-	(137 874)	-	(137 874)
Reserves transfer	-	82,545	(82,545)	-
At 31 December 2014	1,500,000	473 772	907 993	2,881 765
Loss for the financial year 2015	-	(1 764 688)	-	(1 764 688)
Reserves transfer		82,545	(82 545)	
At 31 December 2015	1,500,000	(1,208,371)	825,448	1 117 077

1 Accounting policies

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

General information and basis of accounting

ArcelorMittal Kent Wire Limited is a company incorporated in the United Kingdom under the Companies Act The address of the registered office is given on page 1 The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year For more information see note 23

ArcelorMittal Kent Wire Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements ArcelorMittal Kent Wire Limited is consolidated in the financial statements of its parent ArcelorMittal Hamburg GmbH, which may be obtained at 19 Rue de Liberte, L - 2930, Luxembourg See note 21 Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement and related part transactions

The functional currency of ArcelorMittal Kent Wire Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates

Going concern

The directors have reviewed the continued availability of the company's existing banking facilities as well as the support available from the parent company The Strategic report contains more information on this review Based on this review the directors have concluded that the going concern basis should be used in the preparation of the accounts

Tangible fixed assets

Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business The annual depreciation rates and methods are as follows

Short-term leasehold property	- over the period of the lease
Plant and machinery	- straight line over 12 years
Motor vehicles	- straight line over 3 years
Office equipment and fixtures	- 25% on cost

Financial instruments

The Company uses derivative financial instruments to reduce its exposure to foreign exchange risk As at 31 December 2015, the Company had one such instrument outstanding (2014 none), which was recorded in the statutory accounts on a fair value basis

1 **Accounting policies (continued)**

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction If an arrangement constitutes a financing transaction the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Investments

Investments held as fixed assets are stated at cost less provision for any impairment

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value Cost is determined on a first-in, first-out basis Net realisable value is based on estimated selling price, less any further costs of realisation

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads Net realisable value is based on estimated selling price, less any further costs of realisation

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Differences arising due to exchange fluctuations have been charged or credited in the profit and loss account

Taxation

Current 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 taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Turnover

Turnover is stated net of VAT and trade discounts Turnover from the sale of goods is recognised when the goods are despatched to the customer

Leases and hire purchase contracts

Operating lease rentals are charged to income in equal annual amounts over the lease term

Assets held under finance leases and other similar contracts, which convey rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding

Notes to the financial statements (continued)
For the year ended 31 December 2015

1. Accounting policies (continued)

Pension costs

The company makes contributions into employees' personal pension schemes as part of their remuneration packages Contributions are charged to the profit and loss account on an accruals basis

Lease reinstatement obligations

The company provides for the estimated cost of the lease reinstatement obligations required under the terms of its leases The provisions are recorded based on the best estimate of the amounts that will be incurred at the end of the lease to reinstate the site and buildings to the condition required by the lease The provision is discounted using a rate which approximates the interest rate on bank finance pertaining at the date the company entered into the lease The cost of the provision is capitalised in fixed assets, short-term leasehold property, and amortised over the life of the lease

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

Revenue recognition

The Company recognises revenue at the point of sale of its products The major risk to the Company of not receiving the full value of the invoices are either that a customer has become insolvent and is unable to pay, or the customer raising a minor dispute Although both occurances are very uncommon the Company minimises its risk by ensuring that all of its trading is covered by credit insurance and also works tirelessly to maintain the highest standards of its goods and services In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs

Lease reinstatement obligations

The company had previously provided for lease reinstatement obligations required under the terms of one of its leases This lease expired in 2015 and the provision was subsequently fully utilised within the year

3 Turnover

An analysis of the Company s turnover by geographical market is set out below

	2015 £	2014 £
Turnover		
United Kingdom	29,394,040	38,704,725
Overseas	52,514	80 168
	29,446 554	38,784,893

The directors consider that the company only has one class of business

An analysis of the Company's turnover is as follows

	2015 £	2014 £
Sale of goods	29,113,804	38,110,912
Rental income	332,750	673,981
Interest	525	3,444
	29,447,079	38,788,337

4. Profit before taxation

	2015 £	2014 £
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets		
Owned assets	513,431	272,656
Rentals under operating leases		
Hire of plant and machinery	91,853	45,363
Other operating leases	571,792	831,879
Loss on foreign exchange	3,514	2,220
Cost of stock recognised as an expense	23,503,949	31,369,917
Insurance Claim	(325,000)	-
The analysis of the Auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual financial statements	14,955	14,807

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £14,955 (2014 £14,807)

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis

6. Staff numbers and costs

	2015 No	2014 No.
Average monthly number of persons employed (including directors)		
Directors	3	3
Administration	10	9
Sales	3	4
Production	50	46
	66	62

	£	£
Their aggregate remuneration comprised (including directors):		
Wages and salaries	2,098,317	2,036,996
Social security costs	227,535	220,756
Pension costs	11,616	11,106
	2,337 468	2,268,858

7 Directors' remuneration and transactions

During the year, one director (2014 - one) received remuneration for his services to the company. He received emoluments of £132,855 (2014 - £127,434) and pension contributions of £nil (2014 - £nil)

	2015 £	2014 £
Directors' remuneration:		
Emoluments	132,855	127,434
	132 855	127,434

	2015 £	2014 £
Remuneration of the highest paid director:		
Emoluments	132,855	127,434

The highest paid director did not exercise any share options in the year

8. Finance costs (net)

	2015 £	2014 £
Interest payable and similar charges	184,628	324,038
Investment income	(525)	(3,444)
	184,103	320,594

Investment income

	2015 £	2014 £
Other interest receivable and similar income	525	3,444
	525	3,444

Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	5,671	4,927
Bank interest	178,957	241,650
Other interest	-	77,461
	184,628	324,038

9. Tax on loss on ordinary activities

The tax charge comprises

	2015 £	2014 £
Current tax on loss on ordinary activities		
United Kingdom corporation tax	(489,276)	(82,997)
Prior year adjustment	23,014	-
Total current tax	(466,262)	(82,997)
Deferred tax		
Deferred taxation (note 15) – timing differences, origination and reversal	(27,879)	(41,387)
Total tax (credit)	(494,141)	(124,384)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015 These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK 20% (2014 22%) The differences are explained below

	2015 %	2014 %
Standard tax rate as a percentage of loss	(20)	(22)
Effects of		
Expenses not deductible for tax purposes	(6)	3
Capital allowances in excess of depreciation	2	7
Losses carried back	-	(12)
Group relief surrendered	2	-
Change in deferred tax assets	(1)	
Prior year adjustment	1	-
Total tax rate as a percentage of loss	(22)	(24)

10. Tangible fixed assets

	Short-term leasehold property £	Plant and Machinery* £	Office equipment and fixtures £	Total £
Cost				
At 1 January 2015	5,428,426	2,170,000	189,072	7,787,498
Additions	90,358	132,467	-	222,825
Disposals	(2,847,102)	-	-	(2,847,102)
At 31 December 2015	2,671,682	2,302,467	189 072	5,163,221
Accumulated depreciation				
At 1 January 2015	3,222,655	178,196	181,927	3,582,778
Charge for the year	320,209	186,077	7,145	513 431
Disposals	(2,847,102)	-	-	(2,847,102)
At 31 December 2015	695,762	364,273	189,072	1 249,107
Net book value				
At 31 December 2015	1,975,920	1,938,194	-	3,914,114
At 31 December 2014	2,205,771	1,991,804	7,145	4,204,720

* The cost and accumulated depreciation of plant and machinery has been restated to reflect the transition to FRS102 See note 22 for further information

11. Investments

Subsidiary undertakings	Country of incorporation or principal business address	Principal activity	Holding	%
Total Ship Services Limited	England and Wales	Ships agency services provider within Chatham Docks	Ordinary shares	100
ArcelorMittal Kent Wire Terminals Limited	England and Wales	Dormant	Ordinary Shares	100

In the year ended 31 December 2015, Total Ship Services Limited has profit after tax of £197,311, (2014 profit after tax - £33,438) and net assets of £587,224 (2014 net assets - £389,913)

In the year ended 31 December 2015, ArcelorMittal Kent Wire Terminals Limited has profit after tax of £nil and net assets of £nil

Subsidiary undertakings

	£
Cost	
At 1 January 2015 and 31 December 2015	10,000

12. Stocks

	2015	2014
	£	£
Raw materials and consumables	1,590,605	2,129,293
Work-in-progress	198,774	142,830
Goods for resale	2,490,967	4,275,002
	4,280,346	6,547 125

13. Debtors

	2015	2014
	£	£
Amounts falling due within one year		
Trade debtors	7,094,072	7,523 251
Amounts owed by group undertaking	296,001	394,252
Corporation tax	700,758	234,496
VAT	18,715	-
Prepayments and accrued income	158,444	187,222
Derivative financial instrument	40,514	-
	8,308,504	8,339,221

14 Creditors. amounts falling due within one year

	2015	2014
	£	£
Bank overdrafts	7,293,224	7,837,495
Trade creditors	2,966,683	2,109,527
Amounts owed to group undertakings	5,656,259	4,449,963
Other taxes and social security	98,757	748,928
Accruals and deferred income	567,262	1,407,010
	16,582,185	16,552,923

Bank overdrafts are secured on the outstanding receivables of the company

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

15. Provisions for liabilities

	Deferred Tax £	Lease reinstatement Obligations £
Balance at 1 January 2015	196,511	591,000
Credit for the year	(27,879)	-
Utilisation	-	(591,000)
Balance at 31 December 2015	168,632	-

The lease reinstatement provision represents best estimate of the amounts that will be incurred at the end of the lease to reinstate the site and buildings to the condition required by the lease The provision is discounted using a rate of 15%, which is the estimate of the interest rate on bank finance that could be obtained at the date the company entered into the lease

	2015 £	2014 £
The amounts of deferred tax provided in the accounts are as follows·		
Capital allowances in advance of depreciation	177,980	206,814
Other timing differences	(9,348)	(10,303)
	168,632	196,511

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015 These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date

We estimate that the future rate changes to 20% would have an immaterial effect on our deferred tax position The actual impact will be dependent on our deferred tax position at that time

16 Financial instruments

	2015 £	2014 £
Financial assets		
Measured at fair value		
- Group bank deposits		84,920
- Cash at bank and in hand	1,354,929	1 121,132
- Trade debtors	7,094,072	7,523,251
- Amounts owed by group undertaking	296 001	394,252
Equity instruments measured at cost less impairment		
- Total Ship Services Limited	10,000	10,000
	8,755,002	9,133,555

	2015 £	2014 £
Financial liabilities		
Measured at fair value		
- Bank overdrafts	7,293,224	7 837,495
- Trade creditors	2,966,683	2,109,527
- Amounts owed to group undertakings	5,656,259	4,449,963
- Accruals	567,262	983,210
	16,483,428	15,380,195

17. Derivative financial instruments

	Due within one year		Due after more than one year	
	2015 £	2014 £	2015 £	2014 £
Derivatives assets carried at fair value				
Forward foreign currency contracts	40,514	-	-	-

As at 31 December 2015 the company had one forward exchange rate hedge outstanding This fixed rate contract gave rise to profit of £40,514 which is recognised accordingly in the profit and loss account

18. Called up share capital and reserves

	2015 £	2014 £
Authorised, called up, allotted and fully paid		
1,500,000 (2014 - 1,500,000) ordinary shares of £1 each	1,500,000	1,500,000

The company has one class of ordinary shares which carry no rights to fixed income
The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments

19 Financial commitments

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows

	2015		2014	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	1,633,175	226,353	1,562,789	226,353
Between one and five years	6,532,699	103,842	233,918	114,858
After five years	5,579,026	106,081	345,300	131,521
	13,744,900	436,276	2,142,007	472,732

20 Related party transactions

The company has taken advantage of the exemption available under FRS 102 not to disclose transactions with other members of the group, where the parties to the transaction are wholly owned members of the group extended to wholly owned subsidiary companies, where the consolidated financial statements are publicly available Accordingly no disclosure has been made of transactions with group companies

21. Ultimate parent company and controlling party

The directors consider that the immediate parent company is ArcelorMittal Hamburg GmbH which is incorporated in Germany The ultimate parent company and controlling party is ArcelorMittal SA, which is incorporated in Netherlands Copies of the group accounts are available from ArcelorMittal SA the largest and smallest group preparing consolidated accounts, 19 Rue de Liberte, L – 2930, Luxembourg.

22. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council The following disclosures are required in the year of transition The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014 As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard In making the transition to FRS 102, the company decided to take the opportunity to have its assets revalued to a deemed cost as at 31January 2014 At the same time the company re-evaluated the useful life of these assets and subsequently decided to extend them to the end of the new site lease

Reconciliation of equity

Note		At 1 January 2014 £	At 31 December 2014 £
	Equity reported under previous UK GAAP	2,029,101	1,775,145
	Adjustments to equity on transition to FRS 102		
	Revaluation of plant and machinery	1,238 172	1,238,172
	Additional depreciation on revalued assets	-	(103,181)
	Re-assessment of useful economic life of revalued assets		198,627
	Deferred tax on revalued assets	(247,634)	(226,998)
	Equity reported under FRS 102	3,019,639	2,881,765

Notes to the reconciliation of equity

Plant and machinery was revalued as at 1 January 2014, giving rise to a net revaluation gain of £1,238,172 and corresponding deferred tax asset of £226,998 At the same time the company reassessed the useful economic life of these assets and extended them to the end of the new site lease, giving rise to an adjustment in depreciation

Reconciliation of profit or loss for the tax year ended 31 December 2014

Note		£
	Loss for the financial year under previous UK GAAP	(253,956)
	Depreciation on revalued assets	(103,181)
	Re-assessment of useful economic life of revalued assets	198,627
	Deferred tax on revalued assets	20,636
	Loss for the financial year under FRS 102	(137,874)