

ArcelorMittal Kent Wire Limited

Annual Report and Financial Statements

for the year ended 31 December 2016

Registered number: 02153671



ArcelorMittal Kent Wire Limited

Annual Report and financial statements for the year ended 31 December 2016

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ArcelorMittal Kent Wire Limited

Annual report and financial statements for the year ended 31 December 2016

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 & Reimers LLP
Trinity House
School Hill
Lewes
Sussex
BN7 2NN

Auditor

Deloitte LLP
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 achieved a pre tax profit of £1,680,524 (2015 – pre tax loss (£2,258,829)). 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 2016. 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 increased by 18% year on year, largely due to the increase in steel prices throughout 2016.

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 for the following twelve months and into the foreseeable future.

Key performance indicators

The key financial highlights are as follows:

		2016	2015	2014	2013
Turnover	(£'000)	34,661	29,447	38,785	40,164
Turnover growth	(%)	18	(24)	(3)	32
Gross profit margin	(%)	19	4	8	8
Profit/(Loss) before tax	(£'000)	1,681	(2,259)	(262)	319

Turnover has increased 18% to £34,661k (2015 - £29,447k). Gross profit margin has increased to 19% (2015 – 4%) which flowed through to an increased Profit before tax of £1,681k (2015 – loss of £2,259k).

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 2016 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.

Approved by the Board and signed on its behalf by:



S L Collins
Company secretary

28th Sept, 2017

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 2016.

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.

Financial risk management objectives and policies

Details of risk management objectives and policies form part of the Strategic Report on page 2.

Future developments and events after the balance sheet date

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 2016 (2015 - £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.

ArcelorMittal Kent Wire Limited

Directors' report

Approved by the Board and signed on its behalf by:

P Taylor
Director

28th Sept . . , 2017

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 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.



Hannah Pop, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
28 September 2017

ArcelorMittal Kent Wire Limited

Statement of Comprehensive Income For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	34,660,890	29,446,554
Cost of sales		<u>(27,979,366)</u>	<u>(28,149,665)</u>
Gross profit		6,681,524	1,296,889
Distribution costs		(2,437,346)	(2,001,302)
Administrative expenses		(2,673,628)	(2,183,158)
Other operating income		<u>279,243</u>	<u>812,845</u>
Operating profit / (loss)		1,849,793	(2,074,726)
Finance costs (net)	8	<u>(169,269)</u>	<u>(184,103)</u>
Profit / (loss) before taxation	4	1,680,524	(2,258,829)
Taxation on profit	9	<u>(365,899)</u>	<u>494,141</u>
Profit / (loss) for the financial year		<u>1,314,625</u>	<u>(1,764,688)</u>
Profit / (loss) for the period attributable to: Equity shareholders of the company		<u>1,314,625</u>	<u>(1,764,688)</u>

All the results derive from continuing operations.

The accompanying notes on pages 11 - 23 form part of the financial statements.

ArcelorMittal Kent Wire Limited

Balance Sheet At 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	3,770,677	3,914,114
Investments	11	10,000	10,000
		<u>3,780,677</u>	<u>3,924,114</u>
Current assets			
Stocks	12	5,423,779	4,280,346
Debtors:			
- due within one year	13	8,042,247	8,308,504
Cash at bank and in hand		448,198	1,354,929
		<u>13,914,224</u>	<u>13,943,779</u>
Creditors: amounts falling due within one year	14	<u>(15,120,439)</u>	<u>(16,582,185)</u>
Net current liabilities		<u>(1,206,215)</u>	<u>(2,638,406)</u>
Total assets less current liabilities		2,574,462	1,285,708
Provisions for liabilities	15	<u>(142,760)</u>	<u>(168,631)</u>
Net assets		<u>2,431,702</u>	<u>1,117,077</u>
Capital and reserves			
Called up share capital	18	1,500,000	1,500,000
Revaluation reserve		742,903	825,448
Profit and loss account		188,799	(1,208,371)
Total shareholders' funds		<u>2,431,702</u>	<u>1,117,077</u>

The accompanying notes on pages 11 - 23 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 28th Sept., 2017.

They were signed on its behalf by:

P Taylor
Director

ArcelorMittal Kent Wire Limited

Statement of changes in equity At 31 December 2016

	Note	Called-up share capital £	Profit and loss account £	Revaluation reserve £	Total £
At 1 January 2015		1,500,000	473,772	907,993	2,881,765
Total comprehensive income			(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
Total comprehensive income			1,314,625		1,314,625
Reserves transfer	18		82,545	(82,545)	
At 31 December 2016		1,500,000	188,799	742,903	2,431,702

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

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 Company is a private company limited by shares. 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.

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 party transactions and presentation of consolidated financial statements.

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

Revaluation of plant and machinery

The company decided to take a one-off single revaluation of its plant and machinery assets following the introduction of FRS102 reporting standards. The resulting revaluation reserve is transferred to the profit and loss reserve, in equal instalments over the remainder of the lease.

Financial instruments

The Company uses derivative financial instruments to reduce its exposure to foreign exchange risk. As at 31 December 2016, the Company had one such instrument outstanding (2015 - one), which was recorded in the statutory accounts on a fair value basis.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

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.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

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 raises a dispute. Although both occurrences are uncommon the Company manages this 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.

Key sources of estimation uncertainty

We reviewed our critical estimates at 31st December 2016 and while, as described above, there are numerous estimates made by the directors, none are considered sufficiently material to require separate disclosure.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

3. Turnover

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

	2016 £	2015 £
Turnover:		
United Kingdom	34,262,765	29,394,040
Overseas	398,125	52,514
	<u>34,660,890</u>	<u>29,446,554</u>

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

An analysis of the Company's turnover is as follows:

	2016 £	2015 £
Sale of goods	34,660,890	29,113,804
Rental income		332,750
	<u>34,660,890</u>	<u>29,446,554</u>

4. Profit before taxation

	2016 £	2015 £
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	413,546	513,431
Rentals under operating leases:		
Hire of plant and machinery	78,628	91,853
Other operating leases	530,477	571,792
Loss on foreign exchange	80,329	3,514
Cost of stock recognised as an expense	22,464,235	23,503,949
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	<u>13,459</u>	<u>14,955</u>
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5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £13,459 (2015 - £14,955).

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

6. Staff numbers and costs

	2016 No.	2015 No.
Average monthly number of persons employed (including directors):		
Directors	3	3
Administration	12	10
Sales	3	3
Production	52	50
	<u>70</u>	<u>66</u>
	£	£
Their aggregate remuneration comprised (including directors):		
Wages and salaries	2,709,537	2,098,317
Social security costs	274,313	227,535
Pension costs	9,276	11,616
	<u>2,993,126</u>	<u>2,337,468</u>

7. Directors' remuneration and transactions

During the year, one director (2015 - one) received remuneration for his services to the company. He received emoluments of £131,243 (2015 - £132,855). The company does not operate its own pension scheme, therefore the contributions made on behalf of the director in the year were £nil (2015 - £nil). The two other directors received emoluments directly from the parent company ArcelorMittal Hamburg GmbH.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

8. Finance costs (net)

	2016 £	2015 £
Interest payable and similar charges	169,269	184,628
Investment income		(525)
	<u>169,269</u>	<u>184,103</u>
Interest payable and similar charges		
	2016 £	2015 £
Bank loans and overdrafts	14,857	5,671
Bank interest	154,412	178,957
	<u>169,269</u>	<u>184,628</u>
Investment income		
	2016 £	2015 £
Other interest receivable and similar income		525

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

9. Tax on profit on ordinary activities

The tax charge comprises:

	2016 £	2015 £
Current tax on profit on ordinary activities		
United Kingdom corporation tax	391,771	(489,276)
Prior year adjustment		23,014
Total current tax	391,771	(466,262)
Deferred tax		
Deferred taxation (note 15) – timing differences, origination and reversal	(25,872)	(27,879)
Total tax (credit)	365,899	(494,141)

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% (2015 – 20%). The differences are explained below:

	2016 %	2015 %
Standard tax rate as a percentage of loss	20	(20)
Effects of:		
Expenses not deductible for tax purposes	-	(6)
Capital allowances in excess of depreciation	3	2
Losses carried back	-	-
Group relief surrendered	-	2
Change in deferred tax assets	(1)	(1)
Prior year adjustment	-	1
Total tax rate as a percentage of loss	22	(22)

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

10. Tangible fixed assets

	Short-term leasehold property £	Plant and Machinery £	Office equipment and fixtures £	Total £
Cost				
At 1 January 2016	2,671,682	2,302,467	189,072	5,163,221
Additions	38,700	231,408		270,109
At 31 December 2016	2,710,382	2,533,875	189,072	5,433,330
Accumulated depreciation				
At 1 January 2016	695,762	364,273	189,072	1,249,107
Charge for the year	213,651	199,894		413,546
At 31 December 2016	909,413	564,167	189,072	1,662,653
Net book value				
At 31 December 2016	1,800,969	1,969,708		3,770,677
At 31 December 2015	1,975,920	1,938,194		3,914,114

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

Total Ship Services Limited registered office: Forest House, Northside Three, Chatham Docks, Chatham, Kent ME4 4SR.

In the year ended 31 December 2016, Total Ship Services Limited has profit after tax of £16,535 (2015 profit after tax - £197,311) and net assets of £603,758 (2015 net assets - £587,224).

Subsidiary undertakings

	£
Cost	
At 1 January 2016 and 31 December 2016	10,000

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

12. Stocks

	2016 £	2015 £
Raw materials and consumables	2,380,715	1,590,605
Work-in-progress	294,410	198,774
Goods for resale	2,748,654	2,490,967
	<u>5,423,779</u>	<u>4,280,346</u>

13. Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	7,260,283	7,094,072
Amounts owed by group undertaking	312,434	296,001
Corporation tax	271,569	700,758
VAT	-	18,715
Prepayments and accrued income	173,084	158,444
Derivative financial instrument	24,877	40,514
	<u>8,042,247</u>	<u>8,308,504</u>

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	7,402,033	7,293,224
Trade creditors	1,202,178	2,966,683
Amounts owed to group undertakings	4,508,590	5,656,259
VAT	936,278	-
Other taxes and social security	138,952	98,757
Accruals and deferred income	932,408	567,262
	<u>15,120,439</u>	<u>16,582,185</u>

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

15. Provisions for liabilities

	Deferred tax £
Balance at 1 January 2016	168,632
Credit for the year	<u>(25,872)</u>
Balance at 31 December 2016	<u>142,760</u>

	2016 £	2015 £
The amounts of deferred tax provided in the accounts are as follows:		
Capital allowances in advance of depreciation	151,835	177,980
Other timing differences	<u>(9,075)</u>	<u>(9,348)</u>
	<u>142,760</u>	<u>168,632</u>

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 19% would have an immaterial effect on our deferred tax position. The actual impact will be dependent on our deferred tax position at that time.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

16. Financial instruments

	2016 £	2015 £
Financial assets		
Measured at fair value through profit or loss		
- Derivative financial asset	24,877	40,514
Debt instruments measured at amortised cost		
- Trade debtors	7,260,283	7,094,072
- Amounts owed by group undertaking	312,434	296,001
Cash and cash equivalents	448,198	1,354,929
Equity instruments measured at cost less impairment		
- Total Ship Services Limited	10,000	10,000
	<u>8,055,792</u>	<u>8,795,516</u>
	£	£
Financial liabilities		
Measured at amortised cost		
- Bank overdrafts	7,402,033	7,293,224
- Trade creditors	1,202,178	2,966,683
- Amounts owed to group undertakings	4,508,590	5,656,259
- Accruals	725,609	567,262
	<u>13,838,410</u>	<u>16,483,428</u>

17. Derivative financial instruments

	Due within one year		Due after more than one year	
	2016 £	2015 £	2016 £	2015 £
Derivatives assets carried at fair value				
Forward foreign currency contracts	<u>24,877</u>	<u>40,514</u>		

As at 31 December 2016, the company had one forward exchange rate hedge outstanding. This fixed rate contract gave rise to a gain of £24,877 which is recognised accordingly in the profit and loss account.

ArcelorMittal Kent Wire Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

18. Called up share capital and reserves

	2016 £	2015 £
Authorised, called up, allotted and fully paid:		
1,500,000 (2015 – 1,500,000) ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

The company has one class of ordinary shares which carry no rights to fixed income.

The revaluation reserve derived from the revaluation of plant and machinery assets on transition to FRS102 in 2015 is transferred to the profit and loss reserve, in equal installments over the remainder of the site lease.

The profit and loss reserve represents cumulative profits or losses, 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:

	2016		2015	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	1,471,100	217,389	1,633,175	226,353
Between one and five years	5,366,664	101,760	6,532,699	103,842
After five years	3,742,145	80,572	5,579,026	106,081
	<u>10,579,909</u>	<u>399,721</u>	<u>13,744,900</u>	<u>436,276</u>

20. Related party transactions

The company has taken advantage of the exemption available under FRS 102 section 33 Related Party Disclosures 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.