

**ArcelorMittal Kent Wire Limited**

**Annual Report and Financial Statements**

**for the year ended 31 December 2017**

Registered number: 02153671

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# **ArcelorMittal Kent Wire Limited**

## **Annual Report and financial statements for the year ended 31 December 2017**

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# **ArcelorMittal Kent Wire Limited**

## **Annual report and financial statements for the year ended 31 December 2017**

### **Officers and professional advisers**

#### **Directors**

U Braun – (appointed 2/1/18)  
L Bandusch – (resigned 18/12/17)  
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  
Statutory Auditor  
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 £473,191 (2016 – pre-tax profit of £1,680,524). This resulted from a reduction in margins and an increase in administrative expenses over the previous years operations. 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 2017. 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 2017.

### Going concern

The company has the facility to borrow up to £3.5m 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:

		2017	2016	2015	2014
Turnover	(£'000)	40,868	34,661	29,447	38,785
Turnover growth	(%)	18	18	(24)	(3)
Gross profit margin	(%)	15	19	4	8
Profit/(Loss) before tax	(£'000)	473	1,681	(2,259)	(262)

Turnover has increased 18% to £40,868k (2016 - £34,661k).

Gross profit margin has decreased to 15% (2016 – 19%) which flowed through to a decreased Profit before tax of £473k (2016 – profit of £1,681k) as an increase in cost of sales from higher input prices impacted on gross margins from the previous year.

### 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)

### EU exit risk

UK's decision to leave the EU presented the company with new risks, such as currency exchange rate volatility and steel price fluctuations. These risks are mitigated by management through the use of forward contracts and consideration in the timing of purchases. However, until the EU exit negotiations are complete, the situation presents considerable uncertainty.

### Future developments

The Directors expect the general level of activity to remain consistent with 2017 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

25<sup>th</sup> September, 2018

### 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 2017.

### 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 2017 (2016 - £nil).

### Directors

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

U Braun – (appointed 2/1/18)  
L Bandusch – (resigned 18/12/17)  
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

28 Sept. , 2018

### 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 members of ArcelorMittal Kent Wire Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ArcelorMittal Kent Wire Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 2 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



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

### **Report on the audit of the financial statements (continued)**

#### **Other information**

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

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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.

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

## **Report on other legal and regulatory requirements**

### **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 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 the 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 or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Hannah Pop, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Crawley, United Kingdom

28 September 2018

# ArcelorMittal Kent Wire Limited

## Statement of comprehensive income For the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	3	40,867,590	34,660,890
<b>Cost of sales</b>		<u>(34,780,403)</u>	<u>(27,979,366)</u>
<b>Gross profit</b>		6,087,187	6,681,524
Distribution costs		(2,482,154)	(2,437,346)
Administrative expenses		(3,198,723)	(2,673,628)
Other operating income		<u>286,464</u>	<u>279,243</u>
<b>Operating profit</b>		692,774	1,849,793
Finance costs (net)	8	<u>(219,583)</u>	<u>(169,269)</u>
<b>Profit before taxation</b>	4	473,191	1,680,524
Taxation on profit	9	<u>(33,587)</u>	<u>(365,899)</u>
<b>Total comprehensive income</b>		<u>439,604</u>	<u>1,314,625</u>

All the results derive from continuing operations. There are no further or other recognised comprehensive income or losses for the current and preceeding financial year other than as stated in the profit and loss account and as a result no separate statement of other comprehensive income is given.

The accompanying notes on pages 12 - 22 form part of the financial statements.

# ArcelorMittal Kent Wire Limited

## Balance sheet At 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	3,745,125	3,770,677
Investments	11	10,000	10,000
		<u>3,755,125</u>	<u>3,780,677</u>
<b>Current assets</b>			
Stocks	12	10,089,529	5,423,779
Debtors:			
- due within one year	13	8,914,002	8,042,247
Cash at bank and in hand		839,997	448,198
		<u>19,843,528</u>	<u>13,914,224</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(20,608,884)</u>	<u>(15,120,439)</u>
<b>Net current liabilities</b>		<u>(765,356)</u>	<u>(1,206,215)</u>
<b>Total assets less current liabilities</b>		<u>2,989,769</u>	<u>2,574,462</u>
<b>Provisions for liabilities</b>	15	<u>(118,463)</u>	<u>(142,760)</u>
<b>Net assets</b>		<u>2,871,306</u>	<u>2,431,702</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,500,000	1,500,000
Revaluation reserve	17	660,358	742,903
Profit and loss account	17	710,948	188,799
<b>Total shareholders' funds</b>		<u>2,871,306</u>	<u>2,431,702</u>

The accompanying notes on pages 12 - 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 28<sup>th</sup> Sept., 2018.

They were signed on its behalf by:

P Taylor  
Director

# ArcelorMittal Kent Wire Limited

## Statement of changes in equity At 31 December 2017

	Note	Called-up share capital £	Profit and loss account £	Revaluation reserve £	Total £
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	17		82,545	(82,545)	
At 31 December 2016		1,500,000	188,799	742,903	2,431,702
Total comprehensive income			439,604	-	439,604
Reserves transfer	17		82,545	(82,545)	-
31 December 2017		1,500,000	710,948	660,358	2,871,306

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements For the year ended 31 December 2017

### 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 and registered in England. 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, remuneration of key management personnel, 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

Tangible fixed assets are stated at cost, net of any depreciation and provision for impairment.

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 2017, the Company had no such instrument outstanding (2016 – one).

# **ArcelorMittal Kent Wire Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2017**

### **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 2017

### 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.

### 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 directors have reviewed the judgements in regards to revenue recognition and other areas of the financial statements but concluded there were no material judgements that require separate disclosure.

#### *Key sources of estimation uncertainty*

The directors have reviewed the estimates at 31 December 2017 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 2017

### 3. Turnover

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

	2017 £	2016 £
<b>Turnover:</b>		
Sale of goods:		
United Kingdom	40,519,872	34,262,765
Overseas	347,718	398,125
	<u>40,867,590</u>	<u>34,660,890</u>

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

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

	2017 £	2016 £
Sale of goods	40,867,590	34,660,890
	<u>40,867,590</u>	<u>34,660,890</u>

### 4. Profit before taxation

	2017 £	2016 £
<b>Profit before taxation is stated after charging:</b>		
Depreciation of tangible fixed assets:		
Owned assets	470,365	413,546
Rentals under operating leases:	620,195	609,105
Loss on foreign exchange	46,898	80,329

### 5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual financial statements were £13,459 (2016 - £13,459).

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 6. Staff numbers and costs

	2017 No.	2016 No.
<b>Average monthly number of persons employed (including directors):</b>		
Directors	3	3
Administration	15	12
Sales	4	3
Production	66	52
	<u>88</u>	<u>70</u>
	£	£
<b>Their aggregate remuneration comprised (including directors):</b>		
Wages and salaries	2,980,253	2,709,537
Social security costs	308,704	274,313
Pension costs	11,426	9,276
	<u>3,300,383</u>	<u>2,993,126</u>

### 7. Directors' remuneration and transactions

During the year, one director (2016 - one) received remuneration for his services to the company. He received emoluments of £129,182 (2016 - £131,243). The company does not operate its own pension scheme, therefore the contributions made on behalf of the director in the year were £nil (2016 - £nil). The two other directors received emoluments directly from the parent company ArcelorMittal Hamburg GmbH.

### 8. Finance costs (net)

	2017 £	2016 £
Interest payable and similar charges	219,583	169,269
	<u>219,583</u>	<u>169,269</u>

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 9. Tax on profit on ordinary activities

The tax charge comprises:

	2017 £	2016 £
<b>Current tax on profit on ordinary activities</b>		
United Kingdom corporation tax	57,884	391,771
<b>Total current tax</b>	57,884	391,771
<b>Deferred tax</b>		
Deferred taxation (note 15) – timing differences, origination and reversal	(24,297)	(25,872)
<b>Total tax charge</b>	33,587	365,899

The Finance (No 2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was substantively enacted on 15 September 2016. 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 19% (2016 – 20%). The differences are explained below:

	2017 %	2016 %
Standard tax rate as a percentage of loss	19	20
Effects of:		
Expenses not deductible for tax purposes	1	2
Capital allowances in excess of depreciation	10	3
Utilisation of tax losses	(18)	2
Change in deferred tax assets	(5)	(1)
<b>Total tax rate as a percentage of profit</b>	7	22

	2017 £	2016 £
<b>Profit before tax</b>	473,191	1,680,524
<b>Tax on profit at standard UK corporation tax rate of 19% (2016 – 20%)</b>	91,073	336,105
Effects of:		
Expenses not deductible for tax purposes	6,706	7,715
Effect of capital allowance in excess of depreciation	48,202	47,951
Utilisation of tax losses	(88,097)	2
Movement on deferred tax	(24,297)	(25,872)
<b>Total tax charge for year</b>	33,587	365,899

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 10. Tangible fixed assets

	Short-term leasehold property £	Plant and Machinery £	Office equipment and fixtures £	Total £
<b>Cost</b>				
At 1 January 2017	2,710,382	2,533,875	189,072	5,433,329
Additions	158,682	286,131	-	444,813
At 31 December 2017	2,869,064	2,820,006	189,072	5,878,142
<b>Accumulated depreciation</b>				
At 1 January 2017	909,413	564,167	189,072	1,662,652
Charge for the year	233,581	236,784	-	470,365
At 31 December 2017	1,142,994	800,951	189,072	2,133,017
<b>Net book value</b>				
At 31 December 2017	1,726,070	2,019,055	-	3,745,125
At 31 December 2016	1,800,969	1,969,708	-	3,770,677

### 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 2017, Total Ship Services Limited has profit after tax of £74,812 (2016 profit after tax - £16,535) and net assets of £678,571 (2016 net assets - £603,758).

#### Subsidiary undertakings

	£
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	10,000

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 12. Stocks

	2017 £	2016 £
Raw materials and consumables	7,353,682	2,380,715
Work-in-progress	371,575	294,410
Goods for resale	2,364,272	2,748,654
	<u>10,089,529</u>	<u>5,423,779</u>

### 13. Debtors

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Trade debtors	8,159,652	7,260,283
Amounts owed by group undertaking	301,870	312,434
Corporation tax	233,685	271,569
Prepayments and accrued income	218,795	173,084
Derivative financial instrument		24,877
	<u>8,914,002</u>	<u>8,042,247</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

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

	2017 £	2016 £
Bank overdrafts	9,047,939	7,402,033
Trade creditors	4,664,942	1,202,178
Amounts owed to group undertakings	5,789,204	4,508,590
VAT	82,822	936,278
Other taxes and social security	135,558	138,952
Accruals and deferred income	888,419	932,408
	<u>20,608,884</u>	<u>15,120,439</u>

Amounts owed to group undertakings are unsecured, interest free and are payable on demand.

# ArcelorMittal Kent Wire Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 15. Provisions for liabilities

	Deferred tax £
Balance at 1 January 2017	142,760
Credit for the year	(24,297)
Balance at 31 December 2017	<u>118,463</u>

	2017 £	2016 £
<b>The amounts of deferred tax provided in the accounts are as follows:</b>		
Capital allowances in advance of depreciation	124,334	151,835
Other timing differences	(5,871)	(9,075)
	<u>118,463</u>	<u>142,760</u>

The Finance (No 2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was substantively enacted on 15 September 2016. 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 17% 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 2017

### 16. Derivative financial instruments

	Due within one year		Due after more than one year	
	2017	2016	2017	2016
	£	£	£	£
<b>Derivatives assets carried at fair value</b>				
Forward foreign currency contracts	-	24,877	-	-

As at 31 December 2017, the company had no forward exchange contracts.

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.

### 17. Called up share capital and reserves

	2017	2016
	£	£
<b>Authorised, called up, allotted and fully paid</b>		
1,500,000 (2016 – 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 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 instalments over the remainder of the site lease.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

### 18. Financial commitments

#### Operating lease commitments

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

	2017		2016	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
<b>Leases expiring:</b>				
Within one year	1,746,039	337,032	1,471,100	217,389
Between one and five years	5,599,669	224,685	5,366,664	101,760
After five years	3,207,200	55,132	3,742,145	80,572
	<u>10,552,908</u>	<u>616,849</u>	<u>10,579,909</u>	<u>399,721</u>

### 19. 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.

## **ArcelorMittal Kent Wire Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2017**

#### **20. 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.