

Company Registration No. 04614811 (England and Wales)

**Norilsk Nickel Europe Limited**

**Annual report and financial statements  
for the year ended 31 December 2014**

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## **Norilsk Nickel Europe Limited**

### **Company information**

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<b>Directors</b>	A Berlin D Griffiths D Gaddes
<b>Secretary</b>	Clyde Secretaries Limited
<b>Company number</b>	04614811
<b>Registered office</b>	The St Botolph Building 138 Houndsditch London EC3A 7AR
<b>Independent Auditors</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>Solicitors</b>	Clyde & Co The St Botolph Building 138 Houndsditch London EC3A 7AR

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# **Norilsk Nickel Europe Limited**

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## Norilsk Nickel Europe Limited

### Strategic report

For the year ended 31 December 2014

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The directors present their strategic report for the year ended 31 December 2014.

#### Review of the business

The company carries on business providing sales and market related services to other companies in the Norilsk Nickel group. Its objective is to ensure that these services are carried out as efficiently as possible.

The board of directors is responsible for the overall stewardship of the company. The company's performance for the year is set out in the Profit and Loss account on page 6 and is considered by the board of directors to be satisfactory compared to last year and to budget.

#### Principal risks and uncertainties

The principal risk and uncertainty faced by the company is the global economic climate impacting on the demand for the group's products, which in turn directly affects the scale of activities of the company.

#### The position of the company at the year end

Having generated a profit after tax for the year of £674,517 (2013: £1,026,357), the company has net assets amounting to £7,030,986 at 31 December 2014, a strong cash position and significant group support available to it. The directors are satisfied with the financial position of the company at the year end.

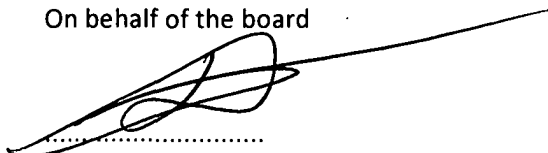
#### Key performance indicators

The company uses a number of performance measures to assess its success in meeting its objectives. These include:

- net profitability
- strong liquidity

The directors consider that the company has performed satisfactorily by reference to these key performance indicators, against the previous year's results and against budgets.

On behalf of the board



D Gaddes

Director

20<sup>TH</sup> MARCH 2015

## **Norilsk Nickel Europe Limited**

### **Directors' report**

**For the year ended 31 December 2014**

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The directors present their report and financial statements for the year ended 31 December 2014.

#### **Principal activities**

The principal activity is the provision of sales and market related services to other group companies.

#### **Results and dividends**

The results for the year are set out on page 6.

#### **Directors**

The following directors have held office since 1 January 2014:

A Berlin

A Shcherbinin

(Resigned 19 December 2014)

D Griffiths

D Gaddes

#### **Auditors**

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements 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;
- 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.

**Norilsk Nickel Europe Limited**

**Directors' report (continued)**

**For the year ended 31 December 2014**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



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D Gaddes

Director

20<sup>TH</sup> MARCH 2015 .

## **Norilsk Nickel Europe Limited**

### **Independent auditors' report**

#### **To the members of Norilsk Nickel Europe Limited**

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We have audited the financial statements of Norilsk Nickel Europe Limited for the year ended 31 December 2014 set out on pages 6 to 16. 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).

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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 2014 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 the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Norilsk Nickel Europe Limited**

**Independent auditors' report (continued)**

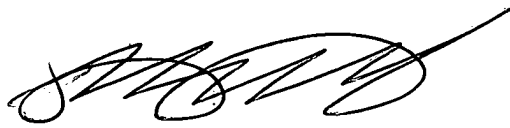
**To the members of Norilsk Nickel Europe Limited**

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**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.



**Michael Di Leto (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness**

*20 March 2015*

**Chartered Accountants**  
**Statutory Auditors**

Lion House  
Red Lion Street  
London  
WC1R 4GB



**Norilsk Nickel Europe Limited**

**Profit and loss account**

**For the year ended 31 December 2014**

	Notes	2014 £	2013 £
<b>Turnover</b>	<b>2</b>	5,386,379	7,295,229
Cost of sales		(416,235)	(3,771,426)
<b>Gross profit</b>		4,970,144	3,523,803
Administrative expenses		(4,095,213)	(2,145,957)
<b>Operating profit</b>	<b>3</b>	874,931	1,377,846
Other interest receivable and similar income	<b>4</b>	40,679	36,252
Interest payable and similar charges	<b>5</b>	(282)	(496)
<b>Profit on ordinary activities before taxation</b>		915,328	1,413,602
Tax on profit on ordinary activities	<b>6</b>	(240,811)	(387,245)
<b>Profit for the year</b>	<b>12</b>	674,517	1,026,357

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

**Norilsk Nickel Europe Limited**

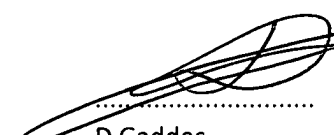
**Balance sheet**

**As at 31 December 2014**

	Notes	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	7		62,585		35,387
<b>Current assets</b>					
Debtors	8	3,947,710		8,343,315	
Cash at bank and in hand		4,138,254		1,436,114	
		8,085,964		9,779,429	
<b>Creditors: amounts falling due within one year</b>	9	(1,117,563)		(3,458,347)	
<b>Net current assets</b>			6,968,401		6,321,082
<b>Total assets less current liabilities</b>			7,030,986		6,356,469
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12		7,030,985		6,356,468
<b>Shareholders' funds</b>	13		7,030,986		6,356,469

The notes on pages 8 to 16 form part of these financial statements.

Approved by the Board and authorised for issue on 20<sup>TH</sup> MARCH 2015



D Gaddes  
Director

Company Registration No. 04614811

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10% - 33% Straight line
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**1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.6 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**1 Accounting policies**

(continued)

**1.7 Deferred 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the start of the month for the transaction date. All differences are taken to profit and loss account.

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating profit</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	14,155	12,681
Loss on disposal of tangible assets	-	72
Loss/(gain) on foreign exchange transactions	(73,003)	73,308
Operating lease rentals		
- Plant and machinery	2,343	2,343
Fees payable to the company's auditor for:-		
- the audit of the company's annual accounts	22,500	20,100
- taxation and payroll services	13,490	13,490
	<u>          </u>	<u>          </u>

Norilsk Nickel Europe Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2014

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<b>4</b>	<b>Investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Bank interest	10,504	7,262
	Other interest received	-	11
	Interest receivable from group undertakings	30,175	28,979
		<hr/>	<hr/>
		40,679	36,252
		<hr/>	<hr/>

<b>5</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	282	142
	Other interest	-	354
		<hr/>	<hr/>
		282	496
		<hr/>	<hr/>

**Norilsk Nickel Europe Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

<b>6 Taxation</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	220,881	359,236
Adjustment for prior years	-	28,009
	<u>220,881</u>	<u>387,245</u>
<b>Foreign corporation tax</b>		
Foreign corporation tax	19,930	-
	<u>19,930</u>	<u>-</u>
<b>Total current tax</b>	<u>240,811</u>	<u>387,245</u>
	<u>240,811</u>	<u>387,245</u>
 <b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>915,328</u>	<u>1,413,602</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.50% (2013 - 23.25%)	<u>196,796</u>	<u>328,662</u>
Effects of:		
Non deductible expenses	27,920	30,206
Depreciation add back	3,043	2,965
Capital allowances	(5,186)	(884)
Foreign tax adjustments	19,930	-
Adjustments to previous periods	-	28,009
Other tax adjustments	(1,692)	(1,713)
	<u>44,015</u>	<u>58,583</u>
<b>Current tax charge for the year</b>	<u>240,811</u>	<u>387,245</u>

Norilsk Nickel Europe Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2014

**7 Tangible fixed assets**

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 January 2014	131,201
Additions	41,354
Disposals	(15,508)
	<u>157,047</u>
At 31 December 2014	<u>157,047</u>
<b>Depreciation</b>	
At 1 January 2014	95,814
On disposals	(15,507)
Charge for the year	14,155
	<u>94,462</u>
At 31 December 2014	<u>94,462</u>
<b>Net book value</b>	
At 31 December 2014	<u>62,585</u>
At 31 December 2013	<u>35,387</u>

<b>8 Debtors</b>	<b>2014</b>	<b>2013</b>
	£	£
Amounts owed by parent and fellow subsidiary undertakings	1,921,809	1,513,327
Other debtors	1,891,069	6,718,848
Prepayments and accrued income	134,832	111,140
	<u>3,947,710</u>	<u>8,343,315</u>

**Norilsk Nickel Europe Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Amounts owed to parent and fellow subsidiary undertakings	-	2,870,245
	Corporation tax	124,480	239,914
	Other taxes and social security costs	132,071	97,346
	Accruals and deferred income	861,012	250,842
		<u>1,117,563</u>	<u>3,458,347</u>
<b>10</b>	<b>Pension and other post-retirement benefit commitments</b>		
	<b>Defined contribution</b>		
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Contributions payable by the company for the year	<u>44,958</u>	<u>40,050</u>
<b>11</b>	<b>Share capital</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, called up and fully paid</b>		
	1 Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
<b>12</b>	<b>Statement of movements on profit and loss account</b>		
			<b>Profit and loss account £</b>
	Balance at 1 January 2014		6,356,468
	Profit for the year		<u>674,517</u>
	Balance at 31 December 2014		<u>7,030,985</u>



Notes to the financial statements (continued)  
For the year ended 31 December 2014

<b>13 Reconciliation of movements in shareholders' funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	674,517	1,026,357
Opening shareholders' funds	6,356,469	5,330,112
Closing shareholders' funds	<u>7,030,986</u>	<u>6,356,469</u>

**14 Financial commitments**

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within two to five years	6,227	-	2,160	2,160
In over five years	-	82,905	-	-
	<u>6,227</u>	<u>82,905</u>	<u>2,160</u>	<u>2,160</u>

<b>15 Directors' remuneration</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	371,236	285,112
Company pension contributions to defined contribution schemes	11,250	11,250
	<u>382,486</u>	<u>296,362</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	371,236	285,112
Company pension contributions to defined contribution schemes	11,250	11,250
	<u>382,486</u>	<u>296,362</u>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**16 Transactions with directors**

The following directors had interest free loans during the year. The movement on these loans are as follows:

	<b>Amount outstanding</b>		<b>Maximum</b>
	<b>2014</b>	<b>2013</b>	<b>in year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
D Gaddes	<u>190,990</u>	<u>143,973</u>	<u>190,990</u>

**17 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Directors	1	1
Direct sales	2	2
Administration	7	6
	<u>10</u>	<u>9</u>

**Employment costs**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,689,684	1,857,516
Social security costs	387,114	156,783
Other pension costs	44,958	40,050
	<u>4,121,756</u>	<u>2,054,349</u>

**18 Control**

The company's immediate parent company is N.N. Metal Holding SA, a company incorporated in Luxembourg. The ultimate parent company and ultimate controlling party is OJSC Mining and Metallurgical Company Norilsk Nickel, a company incorporated in Russia.

**19 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.