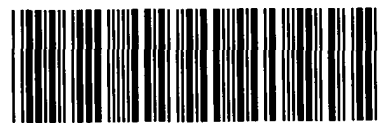


**A.M. CASTLE METALS UK, LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2013**

WEDNESDAY



\*A3J16SUH\*

A31

22/10/2014

#90

COMPANIES HOUSE

**A.M. CASTLE METALS UK, LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2013**

**CONTENTS**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>3</b>
<b>Directors' report</b>	<b>3</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

## **A.M. CASTLE METALS UK, LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J Phillips (Resigned 26/02/13)  
P R Anderson (Resigned 21/11/13 and Re-appointed 30/06/14)  
B Austin (Resigned 27/06/14)  
B Tiffany (Resigned 29/04/13)  
S Stephens (Resigned 26/09/14)  
S Dolan (Appointed 21/11/13)  
M Edgar (Appointed 30/06/14)

#### **SECRETARIES**

R J Perna (Resigned 10/01/14)  
A G Secretarial Limited (Resigned 30/06/14)  
M Edgar (Appointed 30/06/14)

#### **REGISTERED OFFICE**

Units 10-11 Walker Industrial Park  
Guide  
Blackburn  
Lancashire  
BB1 2QE

#### **BANKERS**

National Westminster Bank plc  
24 Deansgate  
Bolton  
BL1 1BN

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

## **STRATEGIC REPORT**

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is that of a holding company. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 5.

No dividends have been paid or proposed in the year (2012: £nil).

### **GOING CONCERN**

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in note 1 to the financial statements relating to the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

### **BUSINESS REVIEW**

The general economic situation is the biggest risk to the company and its subsidiaries, and therefore the level of income received from its subsidiaries. Interest is the largest cost in the company on the loan in place to finance the acquisition and fund the working capital in the subsidiaries. This is managed by performing detailed forecasts of its group working capital needs and associated size of the loan drawdown.

The business plans for future growth with the support of its parent company.

The results of the subsidiaries are disclosed in note 6 to the financial statements.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The process to strengthen the internal control environment of the Company and its subsidiaries has continued to develop since the last Annual Report. The Board continues to identify and review key business risks and oversee the development of processes to ensure that these risks are managed appropriately. The key risks include:


#### **Economic conditions**

The general economic situation remains the biggest risk to future growth. Steel prices are an important factor in this and are monitored on an ongoing basis. In order to mitigate these economic risks, the company and its subsidiaries need to remain competitive through the offer of a wide range of products at reasonable prices and through a strong and cost effective product portfolio.

#### **Competition**

The metal industry is a highly competitive market. The Company and its subsidiaries continues to position itself within the market offering quality material at competitive prices.

Approved by the Board of Directors and signed on behalf of the Board



Patrick R. Anderson  
Director  
October 20, 2014

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

### **DIRECTORS**

The directors, who held office during the financial year and thereafter, unless stated otherwise, are noted on page 1.

### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **AUDITOR**

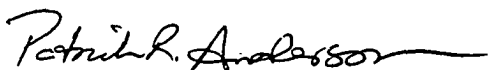
The directors at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself 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 provision of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Patrick R. Anderson  
Director  
October 20, 2014

**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). 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; 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLE METALS UK LIMITED**

We have audited the financial statements of Castle Metals UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

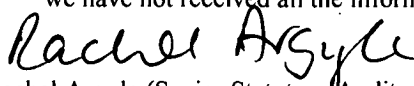
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Rachel Argyle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom  
22 October 2014

# A.M. CASTLE METALS UK, LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2013

	Note	2013 £	2012 £
Operating income		134,924	703,986
Impairment of investments	6	(770,701)	(11,966,193)
<b>OPERATING LOSS</b>	4	<b>(635,777)</b>	<b>(11,262,207)</b>
Net interest payable		(179,443)	(180,995)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>(815,220)</b>	<b>(11,443,202)</b>
Tax on loss on ordinary activities	5	8,904	(88,051)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	12,13	<b>(806,316)</b>	<b>(11,531,253)</b>

The above results derive entirely from continuing operations.

The company has no recognised gains or losses other than the loss for the current year or loss for the prior financial year shown above. Accordingly, no separate statement of total recognised gains and losses has been presented.



# A.M. CASTLE METALS UK, LIMITED

## BALANCE SHEET As at 31 December 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Investments	6	482,370	-
<b>CURRENT ASSETS</b>			
Debtors	7	8,870,427	8,861,523
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(2,633,609)</u>	<u>(1,193,140)</u>
<b>NET CURRENT ASSETS</b>		<u>6,236,818</u>	<u>7,668,383</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,719,188	7,668,383
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(18,312,968)</u>	<u>(18,455,847)</u>
<b>NET LIABILITIES</b>		<u><u>(11,593,780)</u></u>	<u><u>(10,787,464)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	1	1
Other reserves	12	4,784,491	4,784,491
Profit and loss account	12,13	<u>(16,378,272)</u>	<u>(15,571,956)</u>
<b>SHAREHOLDER'S DEFICIT</b>	13	<u><u>(11,593,780)</u></u>	<u><u>(10,787,464)</u></u>

The financial statements of A.M. Castle Metals UK, Limited, registered number 06396714, were approved by the board of directors and authorised for issue on 20 October 2014.

Signed on behalf of the Board of Directors



Patrick R. Anderson

Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted are summarised below. They have all been applied consistently throughout the current year and preceding financial year.

**Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**Going concern**

In discharging their duties in respect of going concern, the directors have carried out a review of the company's and its group's financial position and cash flow forecast for a period of twelve months from the date of signing these financial statements. This review has been based on a comprehensive forecast of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; (b) the exchange rate between sterling and US dollars, and (c) the availability of bank finance in the foreseeable future.

The company has obtained written confirmation from its ultimate parent undertaking, AM Castle & Co., that AM Castle & Co. will continue to provide support to the company for the foreseeable future, being at least 12 months from the date of signing of these accounts. In addition, A.M. Castle & Co. has provided written confirmation that it will not call in for repayment any intercompany facilities or balances from the company in order to enable the company and the group to continue in operational existence for the foreseeable future.

Having completed this review, the directors have reached the conclusion that the company is able to manage its business risks in the current uncertain economic climate. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

**Related party disclosures**

The company has taken advantage of the exemption in Financial Reporting Standard No.8 "Related Party Disclosures" and has not disclosed details of transactions with fellow group undertakings whereby 100% of whose voting rights are controlled within the A.M. Castle Metals UK, Limited group.

**Consolidation**

The company is exempt, under s401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements on the basis that its parent undertaking, A.M. Castle & Co., publishes consolidated financial statements which include the results of A.M. Castle Metals UK, Limited. Copies of these financial statements can be obtained from A.M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, IL 60523, USA.

**Cash flow statement**

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements which include a cash flow statement.

**Investments**

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cost consideration, costs incurred and either the fair value or the nominal value of shares issued.

**Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2013**

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

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 the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured 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.

Deferred tax is measured on a non-discounted basis.

**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 date of the transaction. All differences are taken to profit and loss account.

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The loss before taxation, all of which arises in the United Kingdom is wholly attributable to the company's principal activities.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

There were no individuals employed by the company during the year (2012: same). Directors were remunerated by other companies within the group, and it was not practical to determine the element of their remuneration relating to this company.

**4. OPERATING LOSS**

	2013 £	2012 £
<b>Operating loss is stated after (crediting)/charging:</b>		
Foreign exchange gain	(134,924)	(703,986)
Impairment of investments	770,701	11,966,193
	<hr/>	<hr/>

No fee has been allocated to the audit of this company as it has been borne by other companies. The directors estimate a fee of £5,000 (2012: same) would have been allocated if it had been recharged. There have been no non audit fees paid to the company's auditors during the year (2012: same).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2013**

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2013 £	2012 £
<b>Current year tax</b>		
Current year tax charge	-	128,128
Adjustment to tax in respect of prior years	-	(40,077)
	-	88,051
<b>Deferred tax</b>		
Deferred tax credit in current year	(8,904)	-
<b>Total tax on loss on ordinary activities</b>	(8,904)	88,051

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

	2013 £	2012 £
<b>Loss on ordinary activities before tax</b>	(815,220)	(11,443,202)
<b>Tax on loss on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)</b>	(189,538)	(2,803,584)
<b>Effects of:</b>		
Non-deductible expenses	179,187	2,931,717
Increase in tax losses carried forward	10,351	-
Group relief claimed	-	(128,128)
Group relief paid for	-	128,128
Non taxable income	-	(5)
Adjustment in respect of prior period tax charge	-	(40,077)
<b>Current tax credit for the year</b>	-	88,051

**6. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2013	13,866,193
Additions	1,253,071
<b>At 31 December 2013</b>	15,119,264
<b>Provisions for impairment</b>	
At 1 January 2013	13,866,193
Charge in year	770,701
<b>At 31 December 2013</b>	14,636,894
<b>Net book value</b>	
At 31 December 2013	482,370
At 31 December 2012	-

# A.M. CASTLE METALS UK, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2013

### 6. FIXED ASSET INVESTMENTS (continued)

The investment in Castle Metals UK Limited was impaired to £nil in the prior year. The addition in the year relates to the acquisition of 100% of Castle Metals France on 31 December 2013. Castle Metals France was acquired from the parent company, A.M. Castle & Co. for £1,253,071. This has been impaired in the year to reflect the underlying net assets position of Castle Metals France.

The principal subsidiary undertakings of the company at 31 December 2013 were as follows:

Company	Country of incorporation	Principal activities	% Holding of ordinary share capital
Castle Metals UK Limited	UK	Supply of speciality metal products	100
Transtar UK Limited	UK	Supply of ferrous and non-ferrous metals to the aerospace industry prior to being hived up into Castle Metals UK Limited	100
Castle Metals France	France	Aerospace supplier	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Loss for the year 2013 £	Capital and reserves 2013 £
Castle Metals UK Limited	2,791,600	(1,476,837)
Transtar UK Limited	1,514,071	5,728,326
Castle Metals France	£1,003,327	£579,809

### 7. DEBTORS DUE WITHIN ONE YEAR

	2013 £	2012 £
Amounts owed by group undertakings	8,861,523	8,861,523
Deferred tax	8,904	-
	<u>8,870,427</u>	<u>8,861,523</u>

Amounts owed by group undertakings are due for repayment in more than one year.

### 8. DEFERRED TAXATION

	Deferred taxation asset £
Balance at 1 January 2013	-
Credit to profit and loss account (note 5)	8,904
Balance at 31 December 2013	<u>8,904</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2013**

**8. DEFERRED TAXATION (continued)**

The deferred tax asset is made up as follows:

	2013 £	2012 £
Tax losses carried forward	8,904	-

There are no unrecognised deferred tax assets.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Amounts due to group undertakings	2,633,609	1,193,140

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2013 £	2012 £
Amounts due to group undertakings	18,312,968	18,455,847

The loan is payable to the company's parent company, A.M. Castle & Co. The balance outstanding at 31 December 2013 is £16,087,471 (2012: £16,208,102). Interest is charged on this loan at 2% above LIBOR.

**11. CALLED-UP SHARE CAPITAL**

	2013 £	2012 £
Called up, allotted and fully paid 1 ordinary share of £1	1	1

**12. RESERVES**

	Profit and loss account £	Other reserve £
At 1 January 2013	(15,571,956)	4,784,491
Retained loss for the year	(806,316)	-
At 31 December 2013	(16,378,272)	4,784,491

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT**

	2013 £	2012 £
Loss for the financial year	(806,316)	(11,531,253)
Opening shareholder's (deficit)/funds	(10,787,464)	743,789
Closing shareholder's deficit	(11,593,780)	(10,787,464)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2013**

**14. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate and ultimate holding company and controlling party is A.M. Castle & Co., which is registered in the United States of America. A.M. Castle & Co. is the largest and smallest group into which the company's results are consolidated. Copies of the ultimate holding company's financial statements are available from A.M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, IL 60523, USA.