

ThyssenKrupp Materials (UK) Limited

Annual report and financial statements

Registered number 645702

Year ended 30 September 2013



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Strategic' report

The directors present their strategic report for the year ended 30 September 2013.

Activities

The results for the year and the company's financial position at 30 September 2013 are shown in the attached financial statements.

Business review and principal activities

The company is ultimately a wholly-owned subsidiary of ThyssenKrupp AG and operates as part of the Material Services division.

The company's principal activities are the warehouse and distribution of aluminium, stainless steel, plastics and carbon steels to all areas of the UK.

As part of the requirement by ThyssenKrupp UK PLC, the company's immediate parent, to reduce the number of trading companies worldwide, and to improve the regional representation in the UK, the businesses of ThyssenKrupp Mannex Ltd and ThyssenKrupp Aerospace UK Ltd were merged into ThyssenKrupp Materials (UK) Ltd on 1st August and 1st September 2013 respectively. The principal activities of the company now also include the provision of supply chain contracts and sales of products to the aerospace and defence industries.

The price paid by the company for the trade and assets of these two businesses was the UK GAAP book values. Payment was made by transfer through intercompany accounts and the company was refinanced by Capital contributions of the same amount (note 24).

Results and dividends

As shown in the company's profit and loss account on page 7 the trading has continued to improve after the credit crunch but is still trading below their historical levels.

The directors remain confident about the future of the business following projects to control operating costs during the year.

The balance sheet shows that the company's financial position at the year end where capital employed is under control despite the continuing issues in the UK and world economies. A dividend of £630,000 was paid during the year (2012: £810,000). No final dividend is proposed.

Key Performance Indicators ('KPIs')

The main key performance indicator by which the company is managed is return on capital employed, which was 4.7% (2012: 3.8%) for the year calculated using internal management statistics and an average of capital employed for the previous five quarters. Other secondary factors are tonnes sold, EBIT margin, cost per tonne and gross profit per order.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors, or from its customers moving abroad or purchasing from low cost economies. To manage this risk, the company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

Price risk

The company's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks. The company manage some of these risks with hedging in aluminium and nickel (a component of stainless steel).

Credit risk

The company buys and sells products from and into international markets and it is therefore exposed to currency movements on such transactions. Where appropriate, this risk is managed with forward foreign exchange contracts in line with ThyssenKrupp AG's treasury policies.

Strategic' report *(continued)*

Funding risk

The company is financed by its share capital, a capital contribution and a variable rate loan from its parent company.

Liquidity risk

The business' exposure to liquidity risk is managed by the ultimate parent business ThyssenKrupp AG, details of which are discussed in the annual report of the parent company and do not form part of this report.

Interest rate cash flow risk

As with liquidity risk, this is managed by the parent company, ThyssenKrupp AG.

The Group risks to which ThyssenKrupp Materials (UK) Limited is exposed are discussed in ThyssenKrupp AG's Annual Report which does not form part of this report, and which is available from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF14 3UZ.

Environment

ThyssenKrupp Materials (UK) Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption. The company has attained the environmental standard BS EN ISO 14001:2004 as part of these responsibilities.

Political and charitable donations

During the year the company made charitable donations of £1,322 (2012: £490). No political contributions were made in the year (2012: £Nil).

By order of the board



WJ Street

Secretary

21 May 2014

Cox's Lane
Cradley Heath
West Midlands

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2013.

Directors

The directors who held office during the year and up to the date of signing these financial statements are as follows:

T R Sargeant

W J Street

G Krasshoefer (Resigned 8 November 2013)

Mrs I Henne

J W Ferguson (Appointed 4 July 2013)

J G Funke (Appointed 8 November 2013)

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes 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 with that of other employees.

The company participates in ThyssenKrupp AG's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and bulletins.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 period. Under that law they have prepared 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, 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.

Directors' report *(continued)*

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP were appointed as independent auditors during the period. A resolution will be proposed at the next annual general meeting for their reappointment.



WJ Street

21 May 2014

Independent auditors' report to the members of ThyssenKrupp Materials (UK) Limited

We have audited the financial statements of ThyssenKrupp Materials (UK) Limited for the year ended 30 September 2013. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' report to identify material inconsistencies with the audited financial statements. 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 30 September 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of ThyssenKrupp Materials (UK) Limited *(continued)*

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.



Neil Philpott
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

23 May 2014

Profit and loss account
for the year ended 30 September 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	2	160,758	151,220
Cost of sales		(136,897)	(129,855)
		<hr/>	<hr/>
Gross profit		23,861	21,365
Distribution costs		(16,479)	(15,526)
Administrative expenses		(4,250)	(3,231)
Other operating expenses		(284)	(46)
		<hr/>	<hr/>
Operating profit		2,848	2,562
Gain/(Loss) on sale of fixed assets		39	(1)
Other interest receivable and similar income	6	26	-
Interest payable and similar charges	7	(1,058)	(842)
Other finance income	8	-	316
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	1,855	2,035
Tax on profit on ordinary activities	9	(194)	(324)
		<hr/>	<hr/>
Profit for the financial year	18	1,661	1,711
		<hr/> <hr/>	<hr/> <hr/>

All results derive from continuing operations. There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalent.

Notes from pages 10-23 form part of the financial statements.

Statement of total recognised gains and losses
for the year ended 30 September 2013

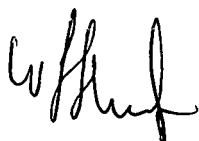
	<i>Note</i>	2013 £000	2012 £000
Profit for the financial year		1,661	1,711
Actuarial gain/(loss) recognised in the pension scheme		597	(1,669)
Asset ceiling restriction on pension scheme	22	(2,633)	(207)
Deferred tax arising on actuarial losses and asset ceiling restriction in the pension scheme		547	486
		<hr/>	<hr/>
Total recognised losses relating to the financial year		172	321
		<hr/>	<hr/>

Balance sheet
at 30 September 2013

	<i>Notes</i>	2013 £000	2012 £000
Fixed assets			
Intangible assets	10	4,321	3,406
Tangible assets	11	14,804	9,903
		<hr/>	<hr/>
		19,125	13,309
		<hr/>	<hr/>
Current assets			
Stocks	12	68,756	27,161
Debtors	13	112,314	32,600
Cash at bank and in hand		3,810	4,525
		<hr/>	<hr/>
		184,880	64,286
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	(142,007)	(48,136)
		<hr/>	<hr/>
Net current assets		42,873	16,150
		<hr/>	<hr/>
Total assets less current liabilities		61,998	29,459
Creditors: amounts falling due after more than one year	14	(1,087)	
Net pension asset	22	-	636
		<hr/>	<hr/>
Net assets		60,911	30,095
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	12,033	12,033
Profit and loss account	17	2,804	3,262
Capital contribution reserve	17	46,074	14,800
		<hr/>	<hr/>
Equity shareholders' funds	18	60,911	30,095
		<hr/>	<hr/>

Notes from pages 10-23 form part of the financial statements.

These financial statements were approved by the board of directors on ^{21 May 2014}~~(Date)~~ and were signed on its behalf by:



WJ Street
Director

Registered number: 645702

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions which affect the amounts of assets and liabilities at the reporting date and the reported results for the period. These estimates are based on the directors' best knowledge; actual amounts may subsequently differ from these estimates.

Going concern

The directors have assessed the financial position of the company and have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis of accounting in preparing these financial statements.

Consolidated financial statements

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Registrar of Companies. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is ultimately, a wholly owned subsidiary undertaking of ThyssenKrupp AG which presents consolidated financial statements which includes the company and which are publicly available.

Related party transactions

The company regards its controlling party as ThyssenKrupp AG, its ultimate parent company, whose consolidated financial statements incorporate the company's own results and are publicly available. The company is accordingly exempt from the requirements of Financial Reporting Standard 8 to disclose balances and transactions with other group undertakings. The consolidated financial statements of ThyssenKrupp AG within which the company is included, can be obtained from the address given in note 23.

Turnover

Turnover represents the amounts derived from the provisions of goods and services during the year, excluding value added tax.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised and amortised to nil over the directors' estimate of its useful economic life, up to a maximum of 20 years.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided in equal annual instalments so as to write off the cost of fixed assets less estimated residual value over their anticipated useful lives, on a straight-line basis as follows:

Freehold property	- 30 years
Short leasehold property	- over the life of the lease
Plant, equipment, fixtures and fittings	- 3 to 20 years
Motor vehicles	- 5 to 8 years

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Stocks

Stocks, which consist wholly of goods held for resale, are valued at the lower of cost and net realisable value. In determining the cost of goods held for resale, the weighted average purchase price is used.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the period of the lease.

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at the date to the extent that they are appropriately authorised and are no longer at the discretion of the company.

Pension costs

The company is the Section employer to the Garfield Section of the ThyssenKrupp UK PLC 2006 Retirement and Death Benefits Plan ("TKUK 2006"), a defined benefits pension scheme managed by the principal employer, ThyssenKrupp UK PLC. The Plan is financed through separate trustee administered funds, which are invested with leading UK insurance managers in pooled equity, property, bond and gilt funds. The assets of the Section are held separately from those of the company.

Notes (continued)

1 Accounting policies (continued)

Pension costs (continued)

Pension Section assets are measured using market values for quoted securities, the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension Section surplus (to the extent it is recoverable), subject to the asset ceiling restrictions, or deficit is recognised in full. The movement in the surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company also operates defined contribution pension schemes open to all qualifying employees under a Group Personal Pension Plan. The assets of these schemes are held separately from those of the company in a trustee administered fund.

2 Turnover

	2013 £000	2012 £000
Market analysis of turnover:		
United Kingdom	148,124	140,639
Other European Union	10,279	9,461
Other countries	2,355	1,120
	<u>160,758</u>	<u>151,220</u>

3 Profit on ordinary activities before taxation

	2013 £000	2012 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	998	1,036
Goodwill amortisation	295	295
Rentals of leasehold properties	343	448
Rentals under other operating leases	1,069	840
<i>Auditor's remuneration:</i>		
Audit of these financial statements	54	40
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	-	50
Hire of plant and equipment	169	44
	<u>169</u>	<u>44</u>

Notes (continued)

4 Aggregate directors' remuneration

	2013 £000	2012 £000
Emoluments (for services as executives)	306	392
Pension contributions	44	87
	<u>350</u>	<u>479</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £197,185 (2012: £207,614) and company pension contributions of £28,500 (2012: £50,000) were made to a money purchase scheme on his behalf. The company made no pension contributions to a defined benefit scheme on behalf of directors in the year (2012: one) and to defined contribution schemes on behalf of three directors in the year (2012: two).

5 Staff costs

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2013	2012
Selling and distribution	250	243
Administration	75	71
Production	85	67
	<u>410</u>	<u>381</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	11,567	9,642
Social security costs	1,104	1,006
Pension costs (excluding 2012 curtailment)	1,123	768
	<u>13,794</u>	<u>11,416</u>

Wages and salaries include compensation payments and redundancy costs totalling £317,548 (2012: £11,013).

6 Other interest receivable and similar income

	2013 £000	2012 £000
Interest receivable from bank deposits	26	-

Notes (continued)

7 Interest payable and similar charges

	2013 £000	2012 £000
Interest payable to group companies	996	841
Other interest paid	62	1
	<u>1,058</u>	<u>842</u>

8 Other finance income

	2013 £000	2012 £000
Other finance income/(expenses)		
Expected return on pension scheme assets	1,093	1,436
Interest on pension scheme liabilities	(1,093)	(1,120)
	<u>-</u>	<u>316</u>

9 Tax on profit and ordinary activities

Analysis of charge in period

	2013 £000	£000	2012 £000	£000
<i>UK corporation tax</i>				
Current tax on result for the year	-		-	
Adjustment in respect of prior periods	10		(25)	
	<u>10</u>		<u>(25)</u>	
Total current tax credit		10		(25)
<i>Deferred tax (see note 15)</i>				
Origination of timing differences	(169)		(199)	
Adjustment in respect of prior year	(72)		19	
Change in tax rate	68		47	
	<u>(173)</u>		<u>(133)</u>	
Deferred tax (see note 22)		(173)		(133)
Defined pension scheme		357		482
		<u>194</u>		<u>324</u>
Total tax charge		194		324

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower than (2012 lower than) the effective rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are explained below.

	2013 £000	2012 £000
Current tax reconciliation		
Profit on ordinary activities before tax	1,855	2,035
	<hr/>	<hr/>
Current tax at 23.5% (2012: 25%)	436	509
Effects of:		
Expenses not deductible for tax purposes	11	84
Difference between amounts payable and amounts charged in respect of pension scheme		
Section	(365)	(490)
Tax losses recognised	(44)	-
Capital allowances in excess of depreciation	191	204
Depreciation on ineligibles less IBAs	58	61
Adjustment in respect of prior periods	10	(25)
Group relief at lower than standard rate	(295)	(368)
Other short term timing differences	8	
	<hr/>	<hr/>
Total current tax charge/(credit) (see above)	10	(25)
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The Finance Act 2012 includes a provision for a 1% reduction to 23% on 1 April 2013. A further 2% reduction to 21% at 1 April 2014 will be legislated in Finance Bill 2013. The additional reduction to 20% on 1 April 2015 will also be included in Finance Bill 2013.

However, the proposed rate reduction from 23% to 21% to apply from 1 April 2014 will not be substantively enacted until the Finance Act 2013 passes through the House of Commons. The further proposed reduction to 20% from 1 April 2015 will also not be substantively enacted until Finance Act 2013 passes through the House of Commons

This will, if passed, reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 30 September 2013 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date) accordingly.

It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

10 Intangible assets

	Goodwill £000
<i>Cost</i>	
At beginning of year	5,488
Additions (see note 24)	1,210
	<hr/>
At end of year	6,698
	<hr/>
<i>Accumulated amortisation</i>	
At beginning of year	2,082
Charge for the year	295
	<hr/>
At end of year	2,377
	<hr/>
<i>Net book value</i>	
At 30 September 2013	4,321
	<hr/>
At 30 September 2012	3,406
	<hr/>

11 Tangible fixed assets

	Freehold property £000	Short leasehold property £000	Plant, equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	9,787	78	9,993	1,488	21,346
Additions	-	58	858	75	991
Disposals	(222)	-	(910)	(137)	(1,269)
Transfers in (see note 24)	-	1,505	7,704	-	9,209
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9,565	1,641	17,645	1,426	30,277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	2,384	78	7,730	1,251	11,443
Charge for year	232	7	647	112	998
Disposals	(45)	-	(892)	(129)	(1,066)
Transfers in (see note 24)	-	1,183	2,915	-	4,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,571	1,268	10,400	1,234	15,473
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 2013	6,994	373	7,245	192	14,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	7,403	-	2,263	237	9,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Transfers in are the fixed assets from ThyssenKrupp Aerospace UK Ltd and ThyssenKrupp Mannex UK Ltd

12 Stock

	2013 £000	2012 £000
Finished goods and goods for resale	68,756	27,161
	<hr/>	<hr/>

Notes (continued)

13 Debtors

	2013 £000	2012 £000
Due within one year:		
Trade debtors	57,322	31,571
Amounts owed by group undertakings	49,281	234
Other debtors	726	233
Prepayments and accrued income	1,214	23
Deferred tax asset (see note 15)	2,704	539
Taxation	1,067	-
	<u>112,314</u>	<u>32,600</u>

14 Creditors

	2013 £000	2012 £000
Amounts falling due within one year:		
Trade creditors	43,398	21,127
Amounts owed to group undertakings	84,655	20,750
Other taxation and social security	4,426	3,516
Accruals and deferred income	9,528	2,743
	<u>142,007</u>	<u>48,136</u>
Amounts falling due after one year:	1,087	-
	<u>143,094</u>	<u>48,136</u>

15 Deferred taxation

The movement in the deferred tax provision is as follows:

	2013 £000
At beginning of year	539
Credit to profit and loss account	173
Deferred tax transfer	1,992
At end of year (see note 13)	<u>2,704</u>

The elements of deferred taxation calculated at 20% (2012: 23.5%) are assets as follows:

	2013 £000	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	<u>2,704</u>	<u>539</u>

16 Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
12,032,469 (2012: 12,032,469) ordinary shares of £1 each	<u>12,033</u>	<u>12,033</u>

Notes (continued)

17 Reserves

	Capital contribution reserve £000	Profit and loss account £000
At beginning of year	14,800	3,262
Profit for the year	-	1,661
Actuarial gain recognised in pension scheme during the year	-	597
Deferred tax arising:		
On actuarial loss in pension scheme	-	(106)
Out of pension ceiling	-	653
Dividend	-	(630)
Restriction on pension asset due to ceiling	-	(2,633)
Contribution during the year	31,274	-
At end of year	46,074	2,804

18 Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Profit for the financial year	1,661	1,711
Restriction on pension asset due to ceiling	(2,633)	(207)
Actuarial gain/(loss) recognised in pension scheme	597	(1,669)
Deferred tax on actuarial loss in pension scheme	(106)	469
Deferred tax on pension scheme caused by pension ceiling	653	17
Dividend paid	(630)	(810)
Capital contribution	31,274	-
Net increase in shareholders' funds	30,816	(489)
Equity shareholders' funds at beginning of year	30,095	30,584
Closing shareholders' funds	60,911	30,095

19 Dividends

	2013 £000	2012 £000
Ordinary shares		
0.5263p (2012: 0.6732p) per £1 share	630	810

20 Financial commitments

	2013 £000	2012 £000
Capital commitments		
Contracted for but not provided	179	140

As part of the group's financing arrangements the company is jointly and generally liable for certain indebtedness of ThyssenKrupp AG. The contingent liabilities as 30 September 2013 amounted to £nil (2012: £Nil).

Notes (continued)

21 Operating lease commitments

At 30 September 2013, the company was committed to making the following payments in respect of non-cancellable operating leases over the next 12 months:

	2013 Property £000	Motor vehicles £000	2012 Property £000	Motor vehicles £000
Leases which expire:				
Within one year	89	247	71	4
Within two to five years	607	1,473	148	669
After five years	1,887	-	169	-
	<u>2,583</u>	<u>1,720</u>	<u>388</u>	<u>673</u>

22 Pensions

ThyssenKrupp Materials (UK) Limited is the Section Employer to the Garfield Section of the ThyssenKrupp UK PLC 2006 Retirement and Death Benefits Plan ("TKUK 2006 Plan").

ThyssenKrupp UK PLC and ThyssenKrupp AG has given a Funding Guarantee to the trustees of the TKUK 2006 Plan, in respect of all present and future obligations and liabilities for all sections of the TKUK 2006 Plan, enforceable by the trustees, should any of the Section Employers or Associated Employers fail to meet their obligations to the plan.

The latest full actuarial valuation was carried out as at 1 October 2009 and has been updated by a qualified independent actuary on an FRS 17 basis to 30 September 2012.

The pension contributions payable by the company to the Section amounted to £1,209,000 (2012: £1,293,000). There were no outstanding/prepaid contributions at the beginning or end of the year.

The company also operate a defined contribution scheme but as a group personal pension plan. The pension cost charge for the year represents contributions payable by the company to the funds and amounted to £1,129,000 (2012: £701,000). There were outstanding contributions due to be paid of £72,000 (2012: £63,000).

The information disclosed below is in respect of the Garfield Section of the TK UK 2006 Plan.

	2013 £000	2012 £000
Present value of funded defined benefit obligations	(26,625)	(25,080)
Fair value of Section assets	29,465	26,113
	<u>2,840</u>	<u>1,033</u>
Asset	(2,840)	(207)
Unrecognised assets	-	(190)
Deferred tax liability		
Net pension surplus	<u>-</u>	<u>636</u>

Notes (continued)

22 Pensions (continued)

Movement in deferred tax liability

	2013 £000
At beginning of year	(190)
Charge to profit and loss account	(357)
Credit to statement of total recognised gains and losses	
- on actuarial losses	(106)
- asset ceiling restriction	653
At end of year	-

Movements in present value of defined benefit obligation

	2013 £000	2012 £000
At beginning of year	25,080	21,348
Current service cost	-	67
Interest cost	1,093	1,120
Participant contributions	-	13
Actuarial gain	1,051	3,624
Benefits paid	(599)	(676)
Curtailment benefit	-	(416)
At end of year	26,625	25,080

Movements in fair value of Section assets

	2013 £000	2012 £000
At beginning of year	26,113	22,092
Expected return on Section assets	1,093	1,436
Actuarial loss	1,649	1,955
Contributions by employer	1,209	1,293
Participant contributions	-	13
Benefits paid	(599)	(676)
At end of year	29,465	26,113

Other finance income recognised in the profit and loss account

	2013 £000	2012 £000
Interest on defined benefit Pension Section obligation	(1,093)	(1,120)
Expected return on defined benefit Pension Section assets	1,093	1,436
Total	-	316

Notes (continued)

22 Pensions (continued)

The income is recognised in the in the profit and loss account or follows:

	2013 £000	2012 £000
Curtailment gain	-	(416)
Current service cost	-	67
Other finance expense/(income)	-	(316)
	<u>-</u>	<u>(665)</u>

Cumulative actuarial losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are (£5,537,000) (2012: £6,135,000).

The fair value of the plan assets and the return on those assets were as follows:

	2013 £000	Fair value 2012 £000
Equities	16,886	13,895
Bonds	9,278	9,095
Gilts	2,270	2,267
Property	797	765
Other	234	91
	<u>29,465</u>	<u>26,113</u>
Actual return on plan assets	<u>2,742</u>	<u>3,391</u>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2013 %	2012 %
Discount rate	4.5%	4.4%
Rate of increase in salaries	4.4%	3.8%
Rate of increase of pensions in payment	2.2%	2.7%
Expected return on assets	6.4%	6.4%
Inflation assumption (RPI)	3.4%	2.8%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.3 years (male), 24.5 years (female)
- Future retiree upon reaching 65: 22.6 years (male), 26.0 years (female)

Notes (continued)

22 Pensions (continued)

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of Section liabilities	(26,625)	(25,080)	(21,348)	(21,432)	(19,650)
Fair value of Section assets	29,465	26,113	22,092	21,645	18,690
Asset/(Deficit)	2,840	1,033	744	213	(960)

Experience adjustments

	2013	2012	2011	2010	2009
Experience adjustments on Section liabilities (£000)	(70)	(326)	(25)	1,901	137
As a percentage of Section liabilities (%)	(0.2%)	(1.3%)	(0.1%)	8.9%	3.0%
Experience adjustments on Section assets (£000)	1,649	1,995	(1,654)	1,176	974
As a percentage of Section assets (%)	5.6%	7.5%	(7.5%)	5.4%	5.0%

The company expects to contribute approximately £379,000 to its defined benefit plans in the next financial year

23 Ultimate parent company and immediate parent undertaking

The company regarded by the directors as being the ultimate controlling company is ThyssenKrupp AG which is incorporated in Germany. This is the largest and smallest group within which ThyssenKrupp Materials (UK) Limited is consolidated. The consolidated financial statements of ThyssenKrupp AG can be obtained from ThyssenKrupp, Allee 1, Postfach 45063, 45143 Essen, Germany.

The company is a wholly owned subsidiary of ThyssenKrupp UK PLC, registered in England, the financial statements of which can be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF14 3UZ.

24 Acquisitions of ThyssenKrupp Mannex UK Ltd and ThyssenKrupp Aerospace UK Ltd

As per the note in the strategic report, the trade and assets of the above two companies was acquired by ThyssenKrupp Materials (UK) Ltd during the year at UK GAAP values. These are considered to be the fair value of the assets and liabilities.

	Mannex	Aerospace
Goodwill	-	1,210
Fixed assets	70	5,041
Stock	3,559	41,051
Debtors	22,361	31,648
Cash	827	1,385
Loans from parent undertaking	-	(28,389)
Creditors	(26,411)	(21,079)
	<u>406</u>	<u>30,867</u>
Paid for by transfer of Intercompany accounts		
	<u>406</u>	<u>30,867</u>
The results for the year include the following items		
Sales	4,856	10,921
Cost of Sales	(4,735)	(9,081)
Costs	(191)	(1,301)
Interest	(19)	(85)
	<u>(89)</u>	<u>454</u>
Results before tax	<u>(89)</u>	<u>454</u>

The results for the prior year were disclosed in the relevant company accounts, coupled with the trading results up until the date of transfer.