

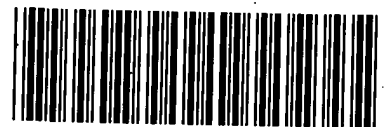
**ThyssenKrupp Materials (UK) Limited**

**Annual report and financial statements**

**Registered number 645702**

**Year ended 30 September 2014**

FRIDAY



\*A4ADJA21\*

A18

26/06/2015

#254

COMPANIES HOUSE

## Contents

Strategic' report	1
Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of ThyssenKrupp Materials (UK) Limited	4
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes	10

## Strategic report

The directors present their strategic report for the year ended 30 September 2014.

### Activities

The results for the year and the company's financial position at 30 September 2014 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, and also includes the provision of supply chain contracts, and sales of products to the aerospace and defence industries.

### Results and dividends

Revenues have increased due to the full-year impact of the merger of ThyssenKrupp Mannex Ltd and ThyssenKrupp Aerospace UK Ltd into ThyssenKrupp Materials (UK) Ltd on 1 August and 1 September 2013 respectively.

The company found trading difficult in 2014, especially in the Aerospace division after the loss of a significant contract. Trading performance is still below historical levels in other areas of the business.

However, the directors remain confident about the future of the business following projects to control operating costs during the year and at the start of the year to September 2015.

The balance sheet shows the company's financial position at the year end, where capital employed is under control despite the continuing issues with low metal prices and volatile foreign currency rates. A dividend of £450,000 was paid during the year (2013: £630,000). 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 1.3% (2013: 4.7%) 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 on the ThyssenKrupp AG's website.

### **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 £1,195 (2013: £1,322). No political contributions were made in the year (2013: £Nil).

The Strategic report was approved by the board of directors on 18 June 2015 and were signed on its behalf by:



**WJ Street**  
Secretary

Cox's Lane  
Cradley Heath  
West Midlands  
B64 5QU

## Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2014.

### 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

Mrs I Henne

G Krasshoefer (Resigned 8 November 2013)

J W Ferguson (Resigned 1 August 2014)

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.

### Future developments of the company

We are investing in new plant and equipment in our Birmingham Service Centre which will increase capacity and grow volume of stainless steel and aluminium processed materials. At the same time we are opening a new facility in the North to supply materials to the Oil and Gas industry. At the same time we are continuing with our investments in plant and equipment in our traditional business areas and replacing commercial vehicles in accordance with our long term investment plans. Our material strategy remains one of consolidating and leveraging the volumes placed by ThyssenKrupp Materials globally in order to obtain the best possible terms and conditions.

### Dividends

A dividend of £450,000 was paid during the year (2013: £630,000). No final dividend is proposed.

### Employees

The group is committed to employment policies, which follow best practise, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employments, either in the same or alternative position, with appropriate retraining being given if necessary.

### Employment involvement

The group systematically provides employees with information on matters of concern to them, consulting them on their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining it.

### 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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted

## Directors' report *(continued)*

### Statement of directors' responsibilities in respect of the directors' report and the financial statements *(continued)*

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Provision of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he 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 auditors are aware of that information.

#### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed at the next annual general meeting for their reappointment.

The Directors' report was approved by the board of directors on 18 June 2015 and were signed on its behalf by:



**WJ Street**  
Director

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

### **Report on the financial statements**

---

#### **Our opinion**

In our opinion, ThyssenKrupp Materials (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 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.

---

#### **What we have audited**

ThyssenKrupp Materials (UK) Limited's financial statements comprise:

- the balance sheet as at 30 September 2014;
- the statement of total recognised gains and losses for the year then ended;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

### **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.

---

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

---

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

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) ("ISAs (UK & 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.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Neil J Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
19 June 2015

**Profit and loss account**  
*for the year ended 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>296,569</b>	<b>160,758</b>
Cost of sales		<b>(263,086)</b>	<b>(136,897)</b>
<b>Gross profit</b>		<b>33,483</b>	<b>23,861</b>
Distribution costs		<b>(24,034)</b>	<b>(16,479)</b>
Administrative expenses		<b>(10,645)</b>	<b>(4,250)</b>
Other operating income/(expenses)		<b>478</b>	<b>(284)</b>
<b>Operating (loss)/profit</b>		<b>(718)</b>	<b>2,848</b>
Profit on disposal of fixed assets		<b>30</b>	<b>39</b>
Other interest receivable and similar income	<b>6</b>	<b>5</b>	<b>26</b>
Interest payable and similar charges	<b>7</b>	<b>(2,359)</b>	<b>(1,058)</b>
Other finance income	<b>8</b>	<b>-</b>	<b>-</b>
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>3</b>	<b>(3,042)</b>	<b>1,855</b>
Tax on (loss)/profit on ordinary activities	<b>9</b>	<b>1,232</b>	<b>(194)</b>
<b>(Loss)/profit for the financial year</b>	<b>18</b>	<b>(1,810)</b>	<b>1,661</b>

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

Notes from pages 10-22 form part of the financial statements.

**Statement of total recognised gains and losses**  
*for the year ended 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>(Loss)/profit for the financial year</b>		<b>(1,810)</b>	<b>1,661</b>
Actuarial (loss)/gain recognised in the pension scheme		<b>(1,169)</b>	<b>597</b>
Asset/liabilities ceiling restriction on pension scheme	<b>22</b>	<b>790</b>	<b>(2,633)</b>
Deferred tax arising on actuarial (losses)/gains and asset ceiling restriction in the pension scheme		<b>76</b>	<b>547</b>
<b>Total recognised (losses)/gains relating to the financial year</b>		<b>(2,113)</b>	<b>172</b>

**Balance sheet**  
*at 30 September 2014*

	<i>Notes</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	<b>3,784</b>	4,321
Tangible assets	<i>11</i>	<b>13,692</b>	14,804
		<hr/>	<hr/>
		<b>17,476</b>	19,125
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	<i>12</i>	<b>74,686</b>	68,756
Debtors	<i>13</i>	<b>81,221</b>	112,314
Cash at bank and in hand		<b>5,268</b>	3,810
		<hr/>	<hr/>
		<b>161,175</b>	184,880
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	<b>(119,930)</b>	(142,007)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>41,245</b>	42,873
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>58,721</b>	61,998
<b>Creditors: amounts falling due after more than one year</b>	<i>14</i>	<b>(373)</b>	(1,087)
<b>Net pension asset</b>	<i>22</i>	<b>-</b>	-
		<hr/>	<hr/>
<b>Net assets</b>		<b>58,348</b>	60,911
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>16</i>	<b>12,033</b>	12,033
Profit and loss account	<i>17</i>	<b>241</b>	2,804
Capital contribution reserve	<i>17</i>	<b>46,074</b>	46,074
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	<i>18</i>	<b>58,348</b>	60,911
		<hr/>	<hr/>

Notes from pages 10-22 form part of the financial statements.

These financial statements were approved by the board of directors on 18 June 2015 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

#### *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

	2014 £000	2013 £000
Market analysis of turnover:		
United Kingdom	235,929	148,124
Other European Union	33,292	10,279
Other countries	27,348	2,355
	<hr/>	<hr/>
	296,569	160,758
	<hr/>	<hr/>

### 3 (Loss)/profit on ordinary activities before taxation

	2014 £000	2013 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	1,840	998
Amortisation of intangible assets	537	295
Rentals of leasehold properties	2,508	343
Rentals under other operating leases	1,629	1,069
<i>Auditor's remuneration:</i>		
Audit of these financial statements	125	54
Hire of plant and equipment	132	169
	<hr/>	<hr/>

## Notes (continued)

### 4 Aggregate directors' remuneration

	2014 £000	2013 £000
Emoluments (for services as executives)	444	306
Pension contributions	56	44
Loss of office	<u>95</u>	<u>-</u>
	<u>595</u>	<u>350</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £206,204 (2013: £197,185) and company pension contributions of £28,500 (2013: £28,500) 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 (2013: nil) and to defined contribution schemes on behalf of three directors in the year (2013: three).

### 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	
	2014	2013
Selling and distribution	360	250
Administration	126	75
Production	<u>302</u>	<u>85</u>
	<u>788</u>	<u>410</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	22,558	11,567
Social security costs	2,142	1,104
Other pension costs	<u>1,453</u>	<u>1,123</u>
	<u>26,153</u>	<u>13,794</u>

Wages and salaries include compensation payments and redundancy costs totalling £643,002 (2013: £317,548).

### 6 Other interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from bank deposits	<u>5</u>	<u>26</u>

**Notes (continued)**

**7 Interest payable and similar charges**

	2014 £000	2013 £000
Interest payable to group companies	1,748	996
Other interest paid	611	62
	<u>2,359</u>	<u>1,058</u>

**8 Other finance income**

	2014 £000	2013 £000
Other finance income/(expenses)		
Expected return on pension scheme assets	1,186	1,093
Interest on pension scheme liabilities	(1,186)	(1,093)
	<u>-</u>	<u>-</u>

**9 Tax on (loss)/profit and ordinary activities**

*Analysis of charge in year*

	2014 £000	£000	2013 £000	£000
<i>UK corporation tax</i>				
Current tax on (loss)/profit for the year	-		-	
Adjustment in respect of prior years	-		10	
	<u>-</u>		<u>10</u>	
Total current tax credit		-		10
<i>Deferred tax (see note 15)</i>				
Origination of timing differences	(1,403)		(169)	
Adjustment in respect of prior year	95		(72)	
Change in tax rate	-		68	
	<u>(1,308)</u>		<u>68</u>	
<i>Deferred tax (see note 22)</i>				
Defined pension scheme		76		(173)
		<u>76</u>		<u>357</u>
Total tax (credit)/charge		<u>(1,232)</u>		<u>194</u>

## Notes (continued)

### 9 Tax on (loss)/profit on ordinary activities (continued)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower than (2013 lower than) the effective rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below.

	2014 £000	2013 £000
Current tax reconciliation		
(Loss)/Profit on ordinary activities before tax	(3,042)	1,855
Current tax at 22% (2013: 23.5%)	(669)	436
Effects of:		
Expenses not deductible for tax purposes	11	11
Difference between amounts payable and amounts charged in respect of pension scheme		
Section	(83)	(365)
Unrelieved tax losses / (tax losses recognised)	471	(44)
Capital allowances in excess of depreciation	216	191
Depreciation on ineligible less IBAs	182	58
Adjustment in respect of prior years	-	10
Group relief at lower than standard rate	-	(295)
Other short term timing differences	(128)	8
Total current tax charge (see above)	-	10

#### Factors that may affect future current and total tax charges

The Finance Act 2013 included a provision for a 2% reduction to 21% at 1 April 2014 and an additional reduction to 20% on 1 April 2015.

The proposed rate reduction from 23% to 21% to apply from 1 April 2014 and further proposed reduction to 20% from 1 April 2015 were substantively enacted as part of the Finance Act 2013.

The impact in the above changes have been reflected in the deferred tax asset held at the period end 30 September 2014.

## Notes (continued)

### 10 Intangible assets

	Goodwill £000
<i>Cost</i>	
At beginning of year and end of the year	6,698
<i>Accumulated amortisation</i>	
At beginning of year	2,377
Charge for the year	537
	<hr/>
At end of year	2,914
	<hr/>
<i>Net book value</i>	
At 30 September 2014	3,784
	<hr/>
At 30 September 2013	4,321
	<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	9,565	1,641	17,645	1,426	30,277
Additions	-	123	576	36	735
Disposals	-	-	(521)	(219)	(740)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9,565	1,764	17,700	1,243	30,272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At beginning of year	2,571	1,268	10,400	1,234	15,473
Charge for year	237	94	1,448	61	1,840
Disposals	-	-	(516)	(217)	(733)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,808	1,362	11,332	1,078	16,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 2014	6,757	402	6,368	165	13,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	6,994	373	7,245	192	14,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 12 Stocks

	2014 £000	2013 £000
Finished goods and goods for resale	74,686	68,756
	<hr/>	<hr/>

## Notes (continued)

### 13 Debtors

	2014 £000	2013 £000
Due within one year:		
Trade debtors	58,130	57,322
Amounts owed by group undertakings	12,518	49,281
Other debtors	4,576	726
Prepayments and accrued income	1,985	1,214
Deferred tax asset (see note 15)	4,012	2,704
Taxation	-	1,067
	<u>81,221</u>	<u>112,314</u>

### 14 Creditors

	2014 £000	2013 £000
Amounts falling due within one year:		
Bank loans and overdrafts	2,933	-
Trade creditors	51,814	43,398
Amounts owed to group undertakings	50,847	84,655
Other taxation and social security	6,159	4,426
Accruals and deferred income	8,177	9,528
	<u>119,930</u>	<u>142,007</u>
Amounts falling due after one year:	373	1,087
	<u>120,303</u>	<u>143,094</u>

### 15 Deferred taxation

The movement in the deferred tax asset is as follows:

	2014 £000
At beginning of year	2,704
Credit to profit and loss account	1,232
Deferred tax credit to statement of total recognised gains and losses	76
At end of year (see note 13)	<u>4,012</u>

The elements of deferred taxation calculated at 20% (2013: 20%) are assets as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and amortisation and capital allowances	2,235	2,704
Other timing differences	393	-
Tax Losses	<u>1,384</u>	<u>-</u>
	<u>4,012</u>	<u>2,704</u>

## Notes (continued)

### 16 Called up share capital

	2014 £000	2013 £000
<i>Allotted and fully paid:</i>		
12,032,469 (2013: 12,032,469) ordinary shares of £1 each	12,033	12,033

### 17 Reserves

	Capital contribution reserve £000	Profit and loss account £000
At beginning of year	46,074	2,804
Loss for the year	-	(1,810)
Actuarial loss recognised in pension scheme during the year	-	(1,169)
Deferred tax arising:		
On actuarial loss in pension scheme	-	76
Dividends	-	(450)
Restriction on pension asset due to ceiling	-	790
At end of year	46,074	241

### 18 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
(Loss)/profit for the financial year	(1,810)	1,661
Restriction on pension asset due to ceiling	790	(2,633)
Actuarial (loss)/gain recognised in pension scheme	(1,169)	597
Deferred tax on actuarial loss in pension scheme	76	(106)
Deferred tax on pension scheme caused by pension ceiling	-	653
Dividend paid	(450)	(630)
Capital contribution	-	31,274
Net increase in shareholders' funds	(2,563)	30,816
Equity shareholders' funds at beginning of year	60,911	30,095
Closing shareholders' funds	58,348	60,911

### 19 Dividends

	2014 £000	2013 £000
<b>Ordinary shares</b>		
3.739p (2013: 5.263p) per £1 share	450	630

## Notes (continued)

### 20 Financial commitments

	2014 £000	2013 £000
<b>Capital commitments</b>		
Contracted for but not provided	444	179

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 2014 amounted to Nil (2013: £Nil). Included within Other debtors (note 13) is £2,933,000 paid for the deposit of a new slitting machine.

### 21 Operating lease commitments

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

	2014 Property £000	Motor vehicles £000	2013 Property £000	Motor vehicles £000
Leases which expire:				
Within one year	13	202	89	247
Within two to five years	207	1,373	607	1,473
After five years	2,287	31	1,887	-
	<u>2,507</u>	<u>1,606</u>	<u>2,583</u>	<u>1,720</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 2012 and has been updated by a qualified independent actuary on an FRS 17 basis to 30 September 2014.

The pension contributions payable by the company to the Section amounted to £379,000 (2013: £1,209,000). There were no outstanding or 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 £1,453,000 (2013: £1,129,000). There were outstanding contributions due to be paid of £76,000 (2013: £72,000).

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

	2014 £000	2013 £000
Present value of funded defined benefit obligations	(29,213)	(26,625)
Fair value of Section assets	31,263	29,465
Asset	<u>2,050</u>	<u>2,840</u>
Unrecognised assets	(2,050)	(2,840)
Net pension surplus	<u>-</u>	<u>-</u>

## Notes (continued)

### 22 Pensions (continued)

#### *Movements in present value of defined benefit obligation*

	2014 £000	2013 £000
At beginning of year	26,625	25,080
Interest cost	1,186	1,093
Actuarial gain	2,181	1,051
Benefits paid	(779)	(599)
	<hr/>	<hr/>
At end of year	29,213	26,625
	<hr/>	<hr/>

#### *Movements in fair value of Section assets*

	2014 £000	2013 £000
At beginning of year	29,465	26,113
Expected return on Section assets	1,186	1,093
Actuarial loss	1,012	1,649
Contributions by employer	379	1,209
Benefits paid	(779)	(599)
	<hr/>	<hr/>
At end of year	31,263	29,465
	<hr/>	<hr/>

#### *Other finance income recognised in the profit and loss account*

	2014 £000	2013 £000
Interest on defined benefit Pension Section obligation	(1,186)	(1,093)
Expected return on defined benefit Pension Section assets	1,186	1,093
	<hr/>	<hr/>
Total	-	-
	<hr/>	<hr/>

## Notes (continued)

### 22 Pensions (continued)

Cumulative actuarial losses reported in the statement of total recognised gains and losses for financial year ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £6,706,000 (2013: £5,537,000).

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

	Fair value	
	2014 £000	2013 £000
Equities	18,117	16,886
Bonds	9,943	9,278
Gilts	2,422	2,270
Property	-	797
Other	781	234
	<u>31,263</u>	<u>29,465</u>
Actual return on plan assets	<u>2,198</u>	<u>2,742</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:

	2014 %	2013 %
Discount rate	3.9%	4.5%
Rate of increase in salaries	N/A	4.4%
Rate of increase of pensions in payment	2.1%	2.2%
Expected return on assets	5.8%	6.4%
Inflation assumption (RPI)	3.2%	3.4%

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: 21.4 years (male), 24.6 years (female)
- Future retiree upon reaching 65: 23.2 years (male), 26.5 years (female)

## Notes (continued)

### 22 Pensions (continued)

#### History of plans

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

#### Balance sheet

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of Section liabilities	(29,213)	(26,625)	(25,080)	(21,348)	(21,432)
Fair value of Section assets	31,263	29,465	26,113	22,092	21,645
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Asset	2,050	2,840	1,033	744	213
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Experience adjustments

	2014	2013	2012	2011	2010
Experience adjustments on Section liabilities (£000)	728	(70)	(326)	(25)	1,901
As a percentage of Section liabilities (%)	2.5%	(0.2%)	(1.3%)	(0.1%)	8.9%
Experience adjustments on Section assets (£000)	1,012	1,649	1,995	(1,654)	1,176
As a percentage of Section assets (%)	3.2%	5.6%	7.6%	(7.5%)	5.4%

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.