

ThyssenKrupp Materials (UK) Limited

Annual report and financial statements

Registered number 645702

Year ended 30 September 2015

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Strategic report

The directors present their strategic report for the year ended 30 September 2015.

Activities

The results for the year and the company's financial position at 30 September 2015 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 distribution and first stage production 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

The company found trading difficult in 2015, especially in the Aerospace division after the loss of a significant contract in 2014. 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 2016.

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 Nil was paid during the year (2014: £450,000). 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% (2014: 1.3%) 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.

Financial risk management

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 manages some of these risks with hedging in aluminium and nickel (a component of stainless steel), as well as currency, and further mitigates these risks by keeping stock levels low and by ensuring customer special stocks have back to back orders with our customers.

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.

Foreign Currency Risk

The company mitigates risks against movements on foreign currency by balancing currency needs with foreign exchange hedges.

The Group risks to which ThyssenKrupp Materials (UK) Limited are 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 £125 (2014: £1,195). No political contributions were made in the year (2014: £Nil).

The Strategic report was approved by the board of directors on 12 February 2016 and were signed by its order:



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 2015.

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

I Henne Resigned 28th January 2016

J G Funke

G. Degenhart Appointed 28th January 2016

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

The company is investing in new plant and equipment at its Birmingham Service Centre which will increase capacity and grow volume of stainless steel and aluminium processed materials. At the same time the company has opened a new facility in Rotherham to supply materials to the Oil and Gas industry. The company is continuing with its investments in plant and equipment in the traditional business areas and replacing commercial vehicles in accordance with long term investment plans. The Materials division's strategy remains one of consolidating and leveraging the volumes placed by ThyssenKrupp Materials (UK) Limited globally in order to obtain the best possible terms and conditions.

Financial risk management is described in the Strategic report on page 1.

Dividends

A dividend of £Nil was paid during the year (2014: £450,000). No final dividend is proposed.

Employment involvement

The group systematically provides employees with information on matters of concern to them, consulting them through 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.

Directors' report (*continued*)

Statement of directors' responsibilities

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 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.

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 12 February 2016 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 2015 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

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 30 September 2015;
- the profit and loss account and the statement of total recognised gains and losses 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 Statement of Directors' Responsibilities set out on page 4, 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.



Mike Robinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
15 February 2016

Profit and loss account
for the year ended 30 September 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	285,005	296,569
Cost of sales		(249,475)	(263,086)
		<hr/>	<hr/>
Gross profit		35,530	33,483
Distribution costs		(23,486)	(24,034)
Administrative expenses		(11,275)	(10,645)
Other operating income		669	478
		<hr/>	<hr/>
Operating profit/(loss)	3	1,438	(718)
Profit on disposal of fixed assets		22	30
Interest receivable and similar income	6	309	5
Interest payable and similar charges	7	(2,651)	(2,359)
Other finance income	8	-	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(882)	(3,042)
Tax on loss on ordinary activities	9	(847)	1,232
		<hr/>	<hr/>
Loss for the financial year	17	(1,729)	(1,810)
		<hr/>	<hr/>

All results derive from continuing operations. There is no material difference between the loss on ordinary activities before taxation and the loss 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 2015

	<i>Note</i>	2015 £000	2014 £000
Loss for the financial year	<i>17</i>	(1,729)	(1,810)
Actuarial loss recognised in the pension scheme	<i>22</i>	(314)	(1,169)
(Liabilities)/asset ceiling restriction on pension scheme	<i>22</i>	(65)	790
Deferred tax arising on actuarial losses and (liabilities)/asset ceiling restriction in the pension scheme	<i>15</i>	76	76
Total recognised losses relating to the financial year		<u>(2,032)</u>	<u>(2,113)</u>

Balance sheet
at 30 September 2015

	<i>Notes</i>	2015 £000	2014 £000
Fixed assets			
Intangible assets	<i>10</i>	3,247	3,784
Tangible assets	<i>11</i>	17,472	13,692
		<hr/>	<hr/>
		20,719	17,476
		<hr/>	<hr/>
Current assets			
Stocks	<i>12</i>	91,239	74,686
Debtors	<i>13</i>	49,934	81,221
Cash at bank and in hand		3,213	5,268
		<hr/>	<hr/>
		144,386	161,175
		<hr/>	<hr/>
Creditors: amounts falling due within one year	<i>14</i>	(108,500)	(119,930)
		<hr/>	<hr/>
Net current assets		35,886	41,245
		<hr/>	<hr/>
Total assets less current liabilities		56,605	58,721
Creditors: amounts falling due after more than one year	<i>14</i>	(289)	(373)
Net pension asset	<i>22</i>	-	-
		<hr/>	<hr/>
Net assets		56,316	58,348
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>16</i>	12,033	12,033
Capital contribution reserve	<i>17</i>	46,074	46,074
Profit and loss account	<i>17</i>	(1,791)	241
		<hr/>	<hr/>
Total shareholders' funds	<i>18</i>	56,316	58,348
		<hr/>	<hr/>

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

The financial statements on pages 7 to 22 were approved by the board of directors on 12 February 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 wholly owned 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.

Fair value hedges

The company has not adopted the voluntary valuation provisions of Financial Reporting Standard 26 – Financial instruments: Recognition and measurement and hence has not accounted for or recognised the fair value of these financial instruments in its financial statements. The fair value of these instruments at the year end was a liability of £654,000 (2014: liability of £59,000).

2 Turnover

	2015 £000	2014 £000
Market analysis of turnover:		
United Kingdom	242,141	235,929
Other European Union	24,529	33,292
Other countries	18,335	27,348
	<u>285,005</u>	<u>296,569</u>

The company's operations originate wholly in the UK.

3 Operating profit/(loss)

	2015 £000	2014 £000
<i>Operating profit/(loss) is stated after charging:</i>		
Depreciation of tangible fixed assets	1,784	1,840
Amortisation of intangible assets	537	537
Rentals of leasehold properties	2,533	2,508
Rentals under other operating leases	1,722	1,629
<i>Auditor's remuneration:</i>		
Audit of these financial statements	119	125
Hire of plant and equipment	118	132
	<u></u>	<u></u>

Notes (continued)

4 Aggregate directors' remuneration

	2015 £000	2014 £000
Emoluments (for services as executives)	371	444
Pension contributions	49	56
Loss of office	-	95
	<u>420</u>	<u>595</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £254,926 (2014: £206,204) and company pension contributions of £35,340 (2014: £28,500) were made to a money purchase scheme on his behalf. The company made pension contributions to defined contribution schemes on behalf of two directors in the year (2014: 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	
	2015	2014
Selling and distribution	316	326
Administration	171	160
Production	255	302
	<u>742</u>	<u>788</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	19,835	22,558
Social security costs	1,941	2,142
Other pension costs (note 22)	1,563	1,453
	<u>23,339</u>	<u>26,153</u>

Wages and salaries include compensation payments and redundancy costs totalling £1,061,644 (2014: £643,002).

6 Interest receivable and similar income

	2015 £000	2014 £000
Interest receivable from bank deposits	-	5
Interest receivable from group companies	309	-
	<u>309</u>	<u>5</u>

Notes (continued)

7 Interest payable and similar charges

	2015 £000	2014 £000
Interest payable to group companies	1,804	1,748
Other interest paid	847	611
	<u>2,651</u>	<u>2,359</u>

8 Other finance income

	2015 £000	2014 £000
Other finance (expenses)/income		
Expected return on pension scheme assets	(1,128)	1,186
Interest on pension scheme liabilities	1,128	(1,186)
	<u>-</u>	<u>-</u>

9 Tax on loss on ordinary activities

Analysis of charge in year

	2015 £000	£000	2014 £000	£000
<i>UK corporation tax</i>				
Current tax on loss for the year	-		-	
Adjustment in respect of prior years	-		-	
	<u>-</u>		<u>-</u>	
Total current tax credit		-		-
<i>Deferred tax (see note 15)</i>				
Origination of timing differences	766		(1,327)	
Adjustment in respect of prior year	81		95	
Change in tax rate	-		-	
	<u>-</u>		<u>-</u>	
<i>Deferred tax (see note 15)</i>		847		(1,232)
Total tax charge / (credit)		<u>847</u>		<u>(1,232)</u>

Notes (continued)

9 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than (2014 lower than) the effective rate of corporation tax in the UK of 20.50% (2014: 22.00%). The differences are explained below.

	2015 £000	2014 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(882)	(3,042)
	<hr/>	<hr/>
Current tax at 20.5% (2014: 22%)	(181)	(669)
Effects of:		
Expenses not deductible for tax purposes	358	11
Difference between amounts payable and amounts charged in respect of pension scheme		
Section	(77)	(83)
Unrelieved tax losses	(76)	471
Capital allowances in excess of depreciation	(540)	216
Depreciation on ineligible less IBAs	-	182
Adjustment in respect of prior years	-	-
Group relief at lower than standard rate	583	-
Other short term timing differences	(67)	(128)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

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	2,914
Charge for the year	537
	<hr/>
At end of year	3,451
	<hr/>
<i>Net book value</i>	
At 30 September 2015	3,247
	<hr/>
At 30 September 2014	3,784
	<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	1,764	17,700	1,243	30,272
Additions	-	19	5,566	25	5,610
Disposals	-	-	(1,411)	(341)	(1,752)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9,565	1,783	21,855	927	34,130
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At beginning of year	2,808	1,362	11,332	1,078	16,580
Charge for year	245	158	1,325	56	1,784
Disposals	-	-	(1,387)	(319)	(1,706)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,053	1,520	11,270	815	16,658
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 2015	6,512	263	10,585	112	17,472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	6,757	402	6,368	165	13,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

12 Stocks

	2015 £000	2014 £000
Finished goods and goods for resale	91,239	74,686
	<hr/>	<hr/>

Notes (continued)

13 Debtors

	2015 £000	2014 £000
Due within one year:		
Trade debtors	41,945	58,130
Amounts owed by group undertakings	782	12,518
Other debtors	2,968	4,576
Deferred tax asset (see note 15)	3,241	4,012
Prepayments and accrued income	998	1,985
	<u>49,934</u>	<u>81,221</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable within one year (2014: Included within amounts owed by group undertakings is a facility with variable interest rates.).

14 Creditors

	2015 £000	2014 £000
Amounts falling due within one year:		
Bank loans and overdrafts	-	2,933
Trade creditors	48,335	51,814
Amounts owed to group undertakings	40,159	50,847
Other taxation and social security	6,758	6,159
Accruals and deferred income	13,248	8,177
	<u>108,500</u>	<u>119,930</u>
Amounts falling due after more than one year:	<u>289</u>	<u>373</u>
	<u>108,789</u>	<u>120,303</u>

Included within amounts owed to group undertakings of £2,755,000 are unsecured, interest free and are repayable within one year. An overdraft facility of £37,404,000 is included within amounts owed to group undertakings with variable interest rates.

15 Deferred taxation

The movement in the deferred tax asset is as follows:

	2015 £000
At beginning of year	4,012
Credit to profit and loss account (note 9)	(847)
Deferred tax credit to statement of total recognised gains and losses	76
At end of year (see note 13)	<u>3,241</u>

The elements of deferred taxation calculated at 20% (2014: 20%) are assets as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and amortisation and capital allowances	1,714	2,235
Other timing differences	255	393
Tax losses	<u>1,272</u>	<u>1,384</u>
	3,241	4,012

Notes (continued)

16 Called up share capital

	2015 £000	2014 £000
<i>Allotted and fully paid:</i>		
12,032,469 (2014: 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	241
Loss for the financial year	-	(1,729)
Actuarial loss recognised in pension scheme during the year	-	(314)
Deferred tax arising:		
On actuarial loss in pension scheme	-	76
Restriction on pension asset due to ceiling	-	(65)
At end of year	46,074	(1,791)

18 Reconciliation of movements in total shareholders' funds

	2015 £000	2014 £000
Loss for the financial year	(1,729)	(1,810)
Restriction on pension asset due to ceiling	(65)	790
Actuarial loss recognised in pension scheme	(314)	(1,169)
Deferred tax on actuarial loss in pension scheme	76	76
Dividend paid	-	(450)
Net increase in total shareholders' funds	(2,032)	(2,563)
Total shareholders' funds at beginning of year	58,348	60,911
Closing total shareholders' funds	56,316	58,348

19 Dividends

	2015 £000	2014 £000
Ordinary shares		
2015: Nil (2014: 3.739p) per £1 share	-	450

Notes (continued)

20 Financial commitments

	2015 £000	2014 £000
Capital commitments		
Contracted for but not provided	192	444

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 2015 amounted to Nil (2014: £Nil).

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:

	2015 Property £000	Motor vehicles £000	2014 Property £000	Motor vehicles £000
Leases which expire:				
Within one year	36	215	13	202
Within two to five years	998	1,112	207	1,373
After five years	1,454	-	2,287	31
	<u>2,488</u>	<u>1,327</u>	<u>2,507</u>	<u>1,606</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 2015.

The pension contributions payable by the company to the Section amounted to £379,000 (2014: £379,000). 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 £1,563,000 (2014: £1,453,000). There were outstanding contributions due to be paid of £133,000 (2014: £76,000).

Notes (continued)

22 Pensions (continued)

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

	2015 £000	2014 £000
Present value of funded defined benefit obligations	(29,818)	(29,213)
Fair value of Section assets	31,933	31,263
Asset	2,115	2,050
Unrecognised assets	(2,115)	(2,050)
Net pension surplus	-	-

Movements in present value of defined benefit obligation

	2015 £000	2014 £000
At beginning of year	29,213	26,625
Interest cost	1,128	1,186
Actuarial loss	295	2,181
Benefits paid	(818)	(779)
At end of year	29,818	29,213

Movements in fair value of Section assets

	2015 £000	2014 £000
At beginning of year	31,263	29,465
Expected return on Section assets	1,128	1,186
Actuarial (loss)/gain	(19)	1,012
Contributions by employer	379	379
Benefits paid	(818)	(779)
At end of year	31,933	31,263

Other finance income recognised in the profit and loss account

	2015 £000	2014 £000
Interest on defined benefit Pension Section obligation	1,128	(1,186)
Expected return on defined benefit Pension Section assets	(1,128)	1,186
Total	-	-

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 £7,020,000 (2014: £6,706,000).

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

	Fair value	
	2015	2014
	£000	£000
Equities	4,572	18,117
Bonds	12,829	9,943
Gilts	2,671	2,422
Cash	730	-
Other	-	781
Absolute Return Fund	9,608	-
Diversified Growth Fund	1,523	-
	31,933	31,263
Actual return on plan assets	1,109	2,198

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:

	2015	2014
	%	%
Discount rate	3.8	3.9
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment	2.2	2.1
Expected return on assets	4.4	5.8
Inflation assumption (RPI)	3.2	3.2

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: 21.5 years (male), 24.7 years (female)
- Future retiree upon reaching 65: 23.3 years (male), 26.6 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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of Section liabilities	(29,818)	(29,213)	(26,625)	(25,080)	(21,348)
Fair value of Section assets	31,933	31,263	29,465	26,113	22,092
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Asset	2,115	2,050	2,840	1,033	744
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Experience adjustments

	2015	2014	2012	2011	2010
Experience adjustments on Section liabilities (£000)	145	728	(70)	(326)	(25)
As a percentage of Section liabilities (%)	0.5%	2.5%	(0.3%)	(1.3%)	(0.1%)
Experience adjustments on Section assets (£000)	(19)	1,012	1,649	1,995	(1,654)
As a percentage of Section assets (%)	(0.1%)	3.2%	5.6%	7.6%	(7.5%)

The company expects to contribute approximately £381,000 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