

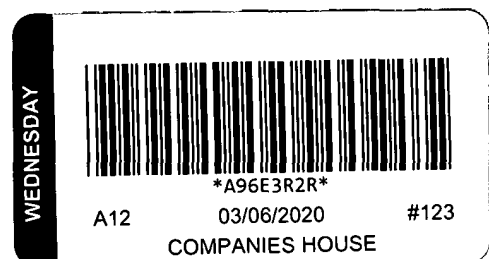
thyssenkrupp Materials (UK) Limited  
Annual report and financial statements  
Year ended 30 September 2019

**thyssenkrupp Materials (UK) Limited**

Annual report and financial statements

Registered number 645702

Year ended 30 September 2019



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## Strategic report

The directors present their strategic report on the company for the year ended 30 September 2019.

### Review of the business

The company's principal activities are the stockholding, distribution and first stage processing of aluminium, stainless steel, plastics and carbon steel. This is co-ordinated through three separate operating divisions being Stockholding, Aerospace and Trading.

Though metal prices remained relatively stable during 2018/19, the company has made an operating profit of £3,965,000 (2018: loss of £2,875,000) and reflects improved trading, particularly within the Aerospace division.

The statement of financial position shows the company's financial position at the year end.

### Key Performance Indicators

The main key performance indicator by which the company manages its business is return on capital employed, which was 4.3% (2018: -3.2%) 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, business cash flow and gross profit per order.

### 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 14001:2015 as part of these responsibilities.

### Going concern and subsequent events

The company meets its day-to-day working capital requirements through its cash reserves and the intercompany cash pool account. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have also obtained confirmation that financial support will continue for the foreseeable future from ultimate parent company, thyssenkrupp AG. The company therefore continues to adopt the going concern basis in preparing its financial statements.

In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across China and to a significant number of other countries including the UK. The company considers the emergence and spread of COVID-19 to be a non-adjusting post-balance sheet event. COVID-19 has caused disruption to business and economic activity and the start of 2020 has been challenging. To address the situation, the directors have taken a series of measures to preserve the health and safety of our employees, customers and suppliers. These measures range from the implementation of social distancing and the provision of PPE to employees that continue to work at our and customer sites and having an increased number of employees working from home. To further manage the situation that has arisen due to the COVID-19 outbreak, several cost measures and cash flow initiatives were implemented across the company. For instance, a number of our employees were placed on furlough leave, travel restrictions implemented, the number of consultant and temporary staff members reduced and a number of non-essential projects delayed. The company also took advantage of Government support available during the period including applying for grants under the Governments Coronavirus Job Retention Scheme and the deferral of PAYE, National Insurance and VAT payments due from March to June 2020.

### Impact of Brexit

The impact of the the terms of the United Kingdom's withdrawal from the European Union are not clear and is likely to continue to lead to many months of uncertainty as the political and legal issues are worked out. The directors do not believe that it will have a material impact on the business but will monitor events closely, particularly the impact of the £ / € foreign exchange rate and the effects on its supply chain for its subsidiary companies.

By order of the board



P Scarr  
Company Secretary  
29 May 2020

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 30 September 2019.

### Future developments

On 27 February 2020, thyssenkrupp AG announced an agreement to sell its Elevator Technology business to a consortium for Euro 17.2 billion. Closing of the transaction is expected by the end of the current 2019/20 financial year and the proceeds used to finance the realignment of the continuing group, including Materials Services.

The company is continuing with its investment in plant and equipment and replacing commercial vehicles in accordance with long term investment plans.

### Dividends

For the year ended 30 September 2019 no dividends will be paid (2018: none).

### 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 practical, such risk. The company manages some of these risks with hedging in aluminium and nickel (a compound 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

In line with Group policies, the company's main debtor balances are covered by credit insurance with major insurance companies significantly reducing the potential exposure.

#### Foreign currency 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. With the fair value revaluation of open currency contracts this can lead to large currency movements with market movements such as those seen following the Brexit referendum vote.

#### 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 thyssenkrupp AG's Annual Report which does not form part of this report, and which is available on the thyssenkrupp AG's website.

#### 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 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.

## **Directors' report** *(continued)*

### **Directors**

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

T R Sargeant  
P J Scarr  
I Henne (resigned 28 February 2019)  
P Marous  
M Stillger (appointed on 1 March 2019, resigned on 31 December 2019)

D H Schotten was appointed on 1 January 2020.

### **Political donations and political expenditure**

The company has not made any donations to a registered political party, other political organisation in the EU (including the UK) or any independent election candidate.

### **Employees**

Employees and related costs can be found in notes 6 and 7 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 and reasonable adjustments are 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.

Employees are consulted regularly through the company wide appraisal system and group wide company survey which take place every 3 years. Feedback from the company survey is benchmarked against peers and formal follow up processes take place. The last group wide survey was conducted during September 2016.

All employees are annually invited to join in the thyssenkrupp AG group share savings scheme.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

## **Directors' report** *(continued)*

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

By order of the board



P Scarr  
Company secretary

29 May 2020

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

### Report on the audit of the financial statements

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#### Opinion

In our opinion, thyssenkrupp Materials (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Report on the audit of the financial statements (continued)**

#### *Strategic Report and Directors' Report (continued)*

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

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

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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.

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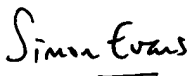
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.



Simon Evans (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
29 May 2020

## Income statement

*for the year ended 30 September 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	2018 £000
Revenue	5	345,998	301,397
Cost of sales		(309,239)	(274,043)
<b>Gross profit</b>		<b>36,759</b>	<b>27,354</b>
Distribution costs		(22,807)	(22,261)
Administrative expenses		(7,832)	(9,195)
Other operating income / (expense)		(2,155)	1,227
<b>Operating profit / (loss)</b>	6	<b>3,965</b>	<b>(2,875)</b>
Finance income	8	463	301
Finance costs	8	(4,075)	(3,129)
<b>Finance costs – net</b>	8	<b>(3,612)</b>	<b>(2,828)</b>
<b>Profit / (loss) before taxation</b>		<b>353</b>	<b>(5,703)</b>
Income tax (expense) / credit	9	(345)	1,113
<b>Profit / (loss) for the financial year</b>		<b>8</b>	<b>(4,590)</b>

**Statement of comprehensive income**  
*for the year ended 30 September 2019*

	<i>Note</i>	<b>2019</b> <b>£'000</b>	2018 £'000
<b>Loss for the financial year</b>		<b>8</b>	(4,590)
<b>Other comprehensive expense: items that will not be reclassified to profit or loss</b>			
Changes in the fair value of financial assets at fair value through other comprehensive income	13, 21	(120)	-
<b>Other comprehensive expense for the year, net of tax</b>		<b>(112)</b>	(4,590)
<b>Total comprehensive expense for the year</b>		<b>(112)</b>	(4,590)

**Statement of financial position**  
*at 30 September 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	10	2,661	2,645
Property, plant and equipment	11	22,452	21,666
		<u>25,113</u>	<u>24,311</u>
<b>Current assets</b>			
Inventories	12	95,532	104,475
Trade and other receivables	13	72,401	51,229
Cash and cash equivalents		1,817	5,954
		<u>169,750</u>	<u>161,658</u>
<b>Creditors: amounts falling due within one year</b>	14	(145,278)	(136,704)
<b>Net current assets</b>		<u>24,472</u>	<u>24,954</u>
<b>Total assets less current liabilities</b>		<u>49,585</u>	<u>49,265</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(91)	(131)
Provisions for liabilities	16	(104)	(55)
<b>Net assets</b>		<u>49,390</u>	<u>49,079</u>
<b>Equity</b>			
Called up share capital	18	12,033	12,033
Capital contribution		46,074	46,074
Accumulated losses		(9,077)	(9,028)
Other reserves		360	-
<b>Total shareholders' funds</b>		<u>49,390</u>	<u>49,079</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were authorised for issue by the board of directors on 29 May 2020 and were signed on its behalf.



P Scarr – Director

Registered number: 645702

## Statement of changes in equity for the year ended 30 September 2019

	Called up share capital	Capital contribution	(Accumulat ed losses)	Other reserves	Total Shareholders' funds
	£000	£000	£000	£000	£000
<b>Balance as at 1 October 2017</b>	<b>12,033</b>	<b>46,074</b>	<b>(4,438)</b>	<b>-</b>	<b>53,669</b>
Loss for the financial year	-	-	(4,590)	-	(4,590)
<b>Balance as at 30 September 2018</b>	<b>12,033</b>	<b>46,074</b>	<b>(9,028)</b>	<b>-</b>	<b>49,079</b>
Change in accounting policy (note 21)	-	-	(57)	480	423
<b>Restated balance at 1 October 2018</b>	<b>12,033</b>	<b>46,074</b>	<b>(9,085)</b>	<b>480</b>	<b>49,502</b>
Profit for the financial year	-	-	8	-	8
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	(120)	(120)
<b>Balance as at 30 September 2019</b>	<b>12,033</b>	<b>46,074</b>	<b>(9,077)</b>	<b>360</b>	<b>49,390</b>

## Notes to the financial statements

### 1. General information

The company's principal activities are the warehousing distribution and first stage processing of aluminium, stainless steel, plastics and carbon steels to all areas of the UK, also including the provision of supply chain contracts, and sale of products to the aerospace and defence industries.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cox's Lane, Cradley Heath, West Midlands, B64 5QU.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of thyssenkrupp Materials (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- o IFRS 7, 'Financial Instruments: Disclosures'
- o Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- o Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - o paragraph 79(a)(iv) of IAS 1;
  - o paragraph 73(e) of IAS 16 Property, plant and equipment;
  - o paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- o The following paragraphs of IAS 1, 'Presentation of financial statements':
  - o 10(d), (statement of cash flows)
  - o 16 (statement of compliance with all IFRS),
  - o 38A (requirement for minimum of two primary statements, including cash flow statements),
  - o 38B-D (additional comparative information),
  - o 111 (cash flow statement information), and
  - o 134-136 (capital management disclosures)
- o IAS 7, 'Statement of cash flows';
- o Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- o Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- o The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- o The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.

## Notes to the financial statements *(continued)*

### 2.1.1 New and revised standards applied by the company

IFRS 15 'Revenue from Contracts with Customers' (which replaces IAS 18 'Revenue' and IAS 11 'Construction contracts') and IFRS 9 'Financial Instruments' (which replaces IAS 39 'Financial Instruments') are new accounting standards effective for the year ended 30 September 2019. The impact of these standards has been disclosed within note 21. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 30 September 2019 that have a material impact on the company.

### 2.1.1 Going concern

The company meets its day-to-day working capital requirements through its cash reserves and the intercompany cash pool account. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have also obtained confirmation that financial support will continue for the foreseeable future from ultimate parent company, thyssenkrupp AG. The company therefore continues to adopt the going concern basis in preparing its financial statements.

## 2.2 Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£'000), which is also the company's functional currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Other gains and losses'.

## 2.3 Property, plant and equipment

Land and buildings comprise mainly warehouses and offices. Land and buildings are shown at historic cost, less subsequent depreciation for buildings.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items..

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Freehold property 25-40 years
- Short leasehold property – over the life of the lease
- Plant and Machinery 10-20 years
- Furniture, fittings and equipment 3-8 years
- Motor Vehicles 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains and losses' in the income statement.

## 2.4 Goodwill.

Historic purchased goodwill is not amortised under FRS 101. Instead goodwill is reviewed for impairment at group level.

## Notes to the financial statements *(continued)*

### 2.5 Intangible assets

#### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

### 2.6 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.7 Financial instruments

Amortised cost assets (including trade and other receivables) are primarily financial assets with fixed or determinable payments that are not traded in an active market and are reported on the balance sheet under "Debtors: amounts falling due within one year." Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Valuation allowances are provided for identifiable individual risks in addition to the expected credit losses calculated when known. Financial assets held at fair value through other comprehensive income (FVOCI) comprise trade receivables that have been factored.

Financial liabilities (including trade and other payables) are measured at amortised cost, using the effective interest method. Initial measurement takes place at fair value net of transaction costs incurred. In subsequent periods, the amortisation and accretion of any premium or discount is included in finance costs/income.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

### 2.8 Derivative financial instruments and hedging activities

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

### 2.9 Inventories

Inventories 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. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## Notes to the financial statements *(continued)*

### 2.10 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables that have been factored are held at fair value through other comprehensive income and those trade and other receivables that are not factored are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an expected credit loss provision for impairment.

### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.12 Share capital

Ordinary shares are classified as equity.

### 2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.15 Employee benefits

thyssenkrupp Materials (UK) Limited offer a defined contribution pension scheme to all employees, along with life assurance, private medical insurance, child care vouchers and car salary sacrifice scheme. The defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Past service costs are recognised immediately in the income statement.

## Notes to the financial statements *(continued)*

### 2.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.17 Revenue recognition

The company is a distributor of material providing warehouse, distribution and first stage processing. Revenue from contracts with customers is recognised when the included distinct performance obligations, i.e. the distinct goods or services promised in the contract, are transferred to the customer. Transfer takes place when the customer obtains control of the promised goods or services. This is generally the case when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the transferred goods or services. Revenue from contracts with customers corresponds to the transaction price. The transaction price includes variable consideration only to the extent it is highly probable that actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include for example volume discounts. The transaction price is not adjusted for a financing component, mainly because the period between the transfer of goods and services and the date of payment by the customer is generally less than 12 months.

Where a contract with a customer has multiple distinct performance obligations, the transaction price is allocated to the performance obligations by reference to their relative standalone selling prices. The standalone selling prices are determined on the basis of directly observable market prices or using recognised estimation methods. If distinct performance obligations are satisfied acting as an agent, the revenue recognized is not the gross amount payable by the customer but only the net amount retained as a commission-like fee for the respective performance obligation.

Revenue from the sale of goods and commodities is recognised at the point in time at which control is transferred to the customer. The time of transfer of control is determined partly on the basis of the delivery clauses agreed with the customer. In the case of goods and commodities supplied under consignment arrangements, sales revenue is generally recognised when the corresponding goods are removed from consignment by the customer.

### 2.19 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The company only has operating leases in the period.

## Notes to the financial statements *(continued)*

### 3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (a) Useful economic lives of property, plant and equipment and intangible assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, note 10 for the carrying amount of intangible assets, note 2.3 for useful economic lives for each class of assets of property plant and equipment and note 2.6 for software.

##### (b) Inventory provisioning

The Company's principal activities are the stockholding, distribution and first stage processing of aluminium, stainless steel, plastics and carbon steel. As the stock turn of items held varies it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated demand, contractual requirements and scrap value.

##### (c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade receivables. See note 13 for the net carrying amount of the receivables and associated expected credit loss provision.

The company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables, which uses a lifetime expected credit loss allowance. The expected loss rates are based on available external and internal rating information as well as historical default ratios. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically.

In the prior year under IAS 39, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off and valuation allowances against trade receivables were provided for identifiable individual risks where the loss was probable.

### 4 Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 30 September 2019, the outstanding contracts all mature within 13 months (2018: 17 months) of the year end. The company is committed to purchase US\$ 47,876,000 (2018: US\$ 45,142,000) and Euro 34,717,000 (2018: Euro 21,260,000) for a fixed sterling amount and sell Euro 24,876,000 (2018: Euro 14,752,000) and receive a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP: USD and GBP: Euro.

## Notes to the financial statements (continued)

### 5 Revenue

Analysis of revenue by geography:

	2019 £000	2018 £000
United Kingdom	288,943	257,242
Other EU Countries	39,628	29,848
Rest of the world	17,427	14,307
	<b>345,998</b>	<b>301,397</b>

### 6 Operating profit / (loss)

Operating profit / (loss) is stated after charging / (crediting):

	2019 £000	2018 £000
Wages and salaries	20,853	21,997
Social security costs	2,231	2,219
Other pension costs (note 20)	1,860	1,857
Staff costs	<b>24,944</b>	<b>26,073</b>
Profit on disposal of property, plant and equipment	(36)	(1,109)
Reversal of trade receivables provisions	(204)	(389)
Amortisation of intangible assets (included in 'administrative expenses')	6	250
Inventory recognised as an expense	293,776	258,345
Impairment of inventory (included in 'cost of sales')	422	90
Impairment of financial assets	108	-
Operating lease charges: motor vehicles	1,181	1,446
Operating lease charges: property	2,756	2,419
Depreciation of property, plant and equipment	2,927	2,585
Foreign exchange losses	3,524	1,099
Audit fees payable to the company's auditor – statutory audit only	112	119

Wages and salaries include compensation payments and redundancy costs totalling £131,000 (2018: £700,000)

### 7 Employees and Directors

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	Number of employees	
	2019	2018
Production	282	294
Selling and distribution	259	262
Administration	132	141
	<b>673</b>	<b>697</b>

## Notes to the financial statements *(continued)*

### 7 Employees and directors *(continued)*

#### Directors

The directors' emoluments were as follows:

	2019 £000	2018 £000
Aggregate emoluments	397	454
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	21	21
	<u>418</u>	<u>475</u>

#### Highest paid director

The highest paid directors' emoluments were as follows:

	2019 £000	2018 £000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	289	343
Pension contributions	-	-
	<u>289</u>	<u>343</u>

### 8 Finance income and costs

#### Finance income

	2019 £000	2018 £000
Interest received from group undertakings	458	300
Other interest income	5	1
	<u>463</u>	<u>301</u>

#### Finance costs

	2019 £000	2018 £000
Interest payable to group undertakings	1,550	1,672
Other loans including factoring	2,525	1,457
	<u>4,075</u>	<u>3,129</u>

## Notes to the financial statements *(continued)*

### 8 Finance income and costs *(continued)*

#### Net finance cost

	2019 £000	2018 £000
Interest income	463	301
Interest expense	(4,075)	(3,129)
	<u>(3,612)</u>	<u>(2,828)</u>

### 9 Income tax expense / (credit)

#### Tax credit included in the income statement

	2019 £000	2018 £000
<b>Deferred tax:</b>		
Origination and reversal of timing differences	78	(898)
Adjustment in respect of prior periods	267	(215)
	<u>345</u>	<u>(1,113)</u>
<b>Total deferred tax</b>	<u>345</u>	<u>(1,113)</u>
<b>Tax on loss</b>	<u>345</u>	<u>(1,113)</u>

## Notes to the financial statements *(continued)*

### 9 Income tax expense / (credit) *(continued)*

Tax expense for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year ended 30 September 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit / (loss) on ordinary activities before taxation	353	(5,703)
Tax on profit / (loss) on ordinary activities at standard rate of tax in the UK of 19.0% (2018: 19%)	67	(1,084)
Effects of:		
– Fixed asset differences	77	58
– Expenses not deductible for tax purposes	6	51
– Adjustments to brought forward values	-	(29)
– Temporary differences not recognised in computation	(62)	
– Adjustments to tax charge in respect of prior years	267	(215)
– Adjust closing deferred tax to average rate of 19%	412	453
– Adjust opening deferred tax to average rate of 19%	(422)	(347)
<b>Tax on profit / (loss)</b>	<b>345</b>	<b>(1,113)</b>

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

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax income expense for the period by £412k and to increase the deferred tax asset by £412k.

**Notes to the financial statements** *(continued)*

**10 Intangible assets**

	<b>Goodwill £000</b>	<b>Software £000</b>	<b>Total £000</b>
<i>Cost</i>			
At beginning of year	6,698	996	7,694
Additions	-	22	22
<b>At end of year</b>	<b>6,698</b>	<b>1,018</b>	<b>7,716</b>
<i>Accumulated amortisation</i>			
At beginning of year	4,075	974	5,049
Charge for the year	-	6	6
<b>At end of year</b>	<b>4,075</b>	<b>980</b>	<b>5,055</b>
<i>Net book value</i>			
<b>As at 30 September 2019</b>	<b>2,623</b>	<b>38</b>	<b>2,661</b>
<b>As at 30 September 2018</b>	<b>2,623</b>	<b>22</b>	<b>2,645</b>

The software intangible assets include the company's inventory management system which was created by an external development firm for the company's specific requirements. The asset is amortised. There are no other individually material intangible assets.

Intangible assets amortisation is recorded in administrative expenses in the income statement.

## Notes to the financial statements (continued)

### 11 Property, plant and equipment

	Freehold property	Short leasehold property	Plant, equipment, fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	7,011	1,756	28,584	2,437	39,788
Additions	338	193	2,600	616	3,747
Disposals	-	-	(1,567)	(45)	(1,612)
<b>At end of year</b>	<b>7,349</b>	<b>1,949</b>	<b>29,617</b>	<b>3,008</b>	<b>41,923</b>
<i>Depreciation</i>					
At beginning of year	2,885	1,520	12,997	720	18,122
Charge for year	185	79	2,258	405	2,927
Disposals	-	-	(1,540)	(38)	(1,578)
<b>At end of year</b>	<b>3,070</b>	<b>1,599</b>	<b>13,715</b>	<b>1,087</b>	<b>19,471</b>
<i>Net book value</i>					
As at 30 September 2019	4,279	350	15,902	1,921	22,452
As at 30 September 2018	4,126	236	15,587	1,717	21,666

### 12 Inventories

	2019 £000	2018 £000
Finished goods and goods for resale	95,532	104,475

Inventories are stated after provisions for impairment of £5,958,000 (2018: £4,773,000).

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

## Notes to the financial statements (continued)

### 13 Trade and other receivables

	2019 £000	2018 £000
Trade receivables	19,261	15,743
Amounts owed by group undertakings	40,307	22,754
Deferred tax	3,505	3,850
Other receivables	6,553	6,367
Derivative financial instruments	1,853	1,368
Prepayments and accrued income	922	1,147
	<u>72,401</u>	<u>51,229</u>

All trade receivables fall due within one year. Trade receivables held at amortised cost are stated after loss allowances of £1,026,000 (2018: £1,740,000). On implementation of IFRS 9, trade receivables held at fair value through other comprehensive income (FVOCI) represent factored debtors and include an expected credit loss provision of £433,000 (2018: £nil), before the impact of a deferred tax balance of £73,000 (2018: £nil). The closing loss allowances for trade receivables as at 30 September 2019 have been reconciled to the opening loss allowances within note 21.

Amounts owed by group undertakings include group cash pool facility balances of £37,202,000 (2018: £20,840,000) which are unsecured and are repayable on demand, bearing interest at variable rates. The remaining balance of £3,105,000 (2018: £1,914,000) is unsecured, interest free, and repayable on demand. Amounts owed by group undertakings are stated after loss allowances of £nil (2018: £nil).

Deferred tax balances are receivable after more than one year. Otherwise all balances are due within one year.

### 14 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	49,597	51,336
Amounts owed to group undertakings	67,076	56,964
Taxation and social security	7,918	7,712
Other creditors	12,759	14,742
Derivative financial instruments	1,019	205
Accruals and deferred income	6,909	5,745
	<u>145,278</u>	<u>136,704</u>

Amounts owed to group undertakings include cash pool facility balances of £51,385,000 (2018: £48,810,000). The group cash facility bears interest at a variable rate. The remaining balance of £15,691,000 (2018: £8,154,000) is unsecured, interest free, and repayable on demand.

## Notes to the financial statements *(continued)*

### 15 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Other creditors including deferred tax	91	218
	<u>91</u>	<u>218</u>

### 16 Provision for liabilities

The company had the following provisions during the year:

	Total £000
At 1 October 2018	55
Charged to the income statement	49
<b>At 30 September 2019</b>	<b><u>104</u></b>

The provision for liabilities relates to an Inward Processing Relief (IPR) claim issued by HMRC relating to documentation issues from 2014 and 2015 following issue of a C18 tax demand issued in April 2018. This claim has been fully provided for.

### 17 Deferred tax

The provision for deferred tax consists of the following deferred tax assets:

The movement in the deferred tax provision is as follows:

	2019 £000	2018 £000
Deferred tax assets due after more than 12 months	3,505	3,850
Deferred tax liabilities due after more than 12 months	-	-
<b>Total asset due after 12 months</b>	<b><u>3,505</u></b>	<b><u>3,850</u></b>

	2019 £000	2018 £000
Total deferred tax asset	<u>3,505</u>	<u>3,850</u>

## Notes to the financial statements (continued)

### 17 Deferred tax (continued)

#### Deferred tax assets

	Fixed asset temporary differences £000	Other taxable temporary differences £000	Tax losses £000	Total £000
At 1 October 2017	1,971	174	592	2,737
Credited to the income statement	617	19	1,749	1,113
At 30 September 2018	1,354	155	2,341	3,850
(Charged) / credited to the income statement	(488)	43	100	(345)
At 30 September 2019	866	198	2,441	3,505

### 18 Called up Share capital

Ordinary shares of £1 each

	2019 £000	2018 £000
Allotted and fully paid		
As at 30 September 2018 and 30 September 2019	12,033	12,033

### 19 Capital and operating lease commitments

As at 30 September, the company had the following capital commitments:

	2019 £000	2018 £000
<b>Capital commitments</b>		
Contracts for future capital expenditure not provided in the financial statements	566	896

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019 Property £000	Motor vehicles £000	2018 Property £000	Motor vehicles £000
Not later than one year:	2,624	302	2,416	793
Later than one year and not later than five years	6,891	243	5,581	455
Later than five years	3,251	7	289	4
	12,766	552	8,286	1,252

## Notes to the financial statements (continued)

### 20 Pensions

#### Defined contribution Scheme

The company provides a defined contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme was:

	2019	2018
Current year contributions	£000	£000
	1,860	1,857

### 21 Changes in accounting policies – transition to IFRS 9 and 15

#### IFRS 9 'Financial instruments'

The company has adopted IFRS 9 'Financial instruments' (which replaces IAS 39 'Financial Instruments') from 1 October 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 'Financial Instruments' from 1 October 2018 resulted in changes in accounting policies and adjustments recognised in the financial statements. The new accounting policies are set out in note 1. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The total impact on the company's retained earnings as at 1 October 2018 is as follows:

2018	£000	
Closing accumulated losses at 30 September 2018	(9,028)	
Decrease in provisions for trade receivables	509	
IFRS 9 expected credit loss provision	69	
Decrease in deferred tax assets relating to provisions	(98)	
Adjustment to accumulated losses from adoption of IFRS 9 on 1 October 2018	(57)	
Opening accumulated losses and other reserves at 1 October 2018	(8,605)	

#### Impairment of financial assets held at amortised cost

The closing loss allowances as 30 September 2019 reconcile to the opening loss allowances as follows:

Trade receivables	£000	
Amounts restated through opening retained earnings	-	
Opening loss allowance as at 1 October 2018 – calculated under IFRS 9	1,740	
Transfer to financial assets held at fair value through other comprehensive income	(509)	
Decrease in loss allowance recognised in profit or loss during the year	(205)	
At 30 September 2019	1,026	

## Notes to the financial statements (continued)

### 22 Changes in accounting policies – transition to IFRS 9 and 15 (continued)

#### IFRS 9 'Financial instruments' (continued)

##### Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, factored trade receivables were reclassified from financial assets held at amortised cost to financial assets at fair value through other comprehensive income (FVOCI). There were no other reclassifications of financial instruments within the Company which resulted in any subsequent remeasurement of the underlying financial asset or liability.

##### Impairment of financial assets held at fair value through other comprehensive income

The closing loss allowances as 30 September 2019 (net of deferred tax) reconcile to the opening loss allowances as follows:

	Other reserves £000
Amounts restated through opening other reserves	-
Opening loss allowance as at 1 October 2018 – calculated under IFRS 9 net of deferred tax	480
Changes in the fair value of financial assets at fair value through other comprehensive income	(120)
	<hr/>
<b>At 30 September 2019</b>	<b>360</b>

On implementation of IFRS 9, trade receivables held at fair value through other comprehensive income (FVOCI) represent factored debtors and include an expected credit loss provision of £433,000 (2018: £nil), before the impact of a deferred tax balance of £73,000 (2018: £nil).

#### IFRS 15 'Revenue from Contracts with Customers'

The company has adopted IFRS 15 'Revenue from Contracts with Customers' (which replaces IAS 18 'Revenue') from 1 October 2018. No changes in accounting policies or adjustments to the amounts recognised in the financial statements have been made as a result of the transition. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. There is no impact on the company's opening retained earnings balance as a result of applying IFRS 15.

### 23 Subsequent events

In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across China and to a significant number of other countries including the UK. The company considers the emergence and spread of COVID-19 to be a non-adjusting post-balance sheet event. COVID-19 has caused disruption to business and economic activity and the start of 2020 has been challenging. To address the situation, the directors have taken a series of measures to preserve the health and safety of our employees, customers and suppliers. These measures range from the implementation of social distancing and the provision of PPE to employees that continue to work at our and customer sites and having an increased number of employees working from home. To further manage the situation that has arisen due to the COVID-19 outbreak, several cost measures and cash flow initiatives were implemented across the company. For instance, a number of our employees were placed on furlough leave, travel restrictions implemented, the number of consultant and temporary staff members reduced and a number of non-essential projects delayed. The company also took advantage of Government support available during the period including applying for grants under the Governments Coronavirus Job Retention Scheme and the deferral of PAYE, National Insurance and VAT payments due from March to June 2020.

## **Notes to the financial statements** *(continued)*

### **24 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.