

Duferco UK Limited

**Annual report and financial
statements**

Registered number 03538773

For the year ended 30 September 2019

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Strategic report

Principal activities

The principal activity of the company is the importing and distribution of steel products into the UK and Ireland.

Review of the business

In an extremely turbulent and challenging market, we are pleased to advise Duferco UK Limited had a strong trading year in 2018/2019. The company traded over 275,000MT of material in ten different product groups to over 150 customers in the UK and Ireland. The material came from several different origins/mills from different continents around the globe. We endeavoured to maintain our market offer of offering consistent product both on quality and delivery performance, from recognised mills from around the world, and are pleased to report strong trading relationships with various steel mills.

During the first half of our financial year (Oct-18-March-19), we saw the continual drop in both demand and prices, especially on flat products, although demand on long products, especially rebar, remained strong. Unfortunately, in the second half of our financial year (April-September'19) all products weakened even further with a year-on-year price drop of approximate 20% on most products. We invoiced approx. 120,000MT of long products and 160,000MT of strip mill flat products, in 2018/19, an achievement we are extremely pleased with, given the difficult trading conditions. Some notable accomplishments in the year include: improving relationships with third party suppliers, invoicing and servicing customers with over 100,000MT of rebar in the UK and Ireland, maintaining consistent supply to our core customers.

Future developments

Given the recent general election result with an overall majority, we are hopeful over brexiting the EU with a major trade deal, on 31.01.20, which will help the UK economy move forward at a lot faster pace than it has in 2018/19. However, the UK economy urgently needs some stimulus, from both private and government funds being released to move forward with larger steel infrastructure projects. We will continue to monitor the protectionist measures and remain vigilant. We remain cautiously optimistic going forward into 2019/20 and are well placed to take advantage of any upturn in the market.

Strategic report

Principal risks and uncertainties

The Company's normal operating and financing activities expose it to a variety of financial risks. The primary financial risks are market risk (primarily commodity price risk), credit risk and liquidity risk. The Company's overall risk management strategy is governed by the group policy and is designed to identify, manage and mitigate business risk which includes, among others, financial risk.

Treasury risk management, including management of currency risk, interest rate risk and liquidity risk is carried out by the group treasury function.

In June 2016, A UK referendum resulted in a vote for the UK to leave the European Union and the associated uncertainty represents a challenge for the UK business across all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates, interest rates and commodity prices.

Market risk

Market risk is the risk of loss that results from changes in market prices (e.g. commodity prices, foreign currency exchange rates, interest rates) or changes in other market factors (e.g. volumetric changes). The Company's exposure to market risk is variable and is dependent on current market conditions and expectations of future prices or volatility.

The Company maintains a relatively low level of exposure to market risk primarily by entering into back to back contracts with its parent whereby the commercial terms are broadly matched.

i. Commodity price risk

The Company's cash flows and profitability are sensitive to steel prices which are dependent on a number of factors and on global supply and demand.

The risk is primarily that market prices for commodities will fluctuate between the time that sales prices are fixed or made determinable and the time at which the corresponding procurement cost is fixed, thereby potentially reducing or eliminating expected margins.

ii. Foreign currency risk

The Company is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure). The majority of the Company's trading activities are denominated in Sterling at present and therefore exposure to currency risk is relatively low.

Credit risk

The Company's exposure to credit risk takes the form of any potential loss associated with a counterparty's failure or inability to meet their payment or performance obligations. Credit risk is managed by checking a customer's creditworthiness and financial strength both before commencing trade and during the business relationship. Creditworthiness is ascertained before commencing trade by reviewing an appropriate mix of internal and external information to determine limits, contract types and payment mechanisms required to reduce credit risk to an acceptable level. The Company also uses credit insurance which further reduces the risk.

Strategic report

Liquidity risk

Through the use of debt factoring and group facilities, the Company manages its liquidity to ensure that sufficient cash is available to meet all contractual commitments as they fall due and also to ensure that there is sufficient funding to withstand stressed market conditions or an extreme event. Liquidity risk is managed by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

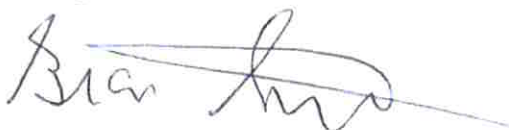
Key performance indicators

The Directors have identified the following key performance indicator that they believe is useful in assessing how well the Company is performing against its strategic aims.

	2019 £000	2018 £000
Turnover	160,067	164,067
Gross Profit	7,067	8,180
Return on Sales	4.4%	5.0%

Approved by and signed on behalf of the Board of Directors

B Paterson
Director



20 January 2020

Directors' report

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

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

E Toschi
M Pryor
B Paterson
A Cresswell
I White
M Varney
S Southall (appointed 13 November 2019)

Charitable donations

During the year, the company made charitable donations of £286 (2018: £181).

Strategic report

The following items have been included within the strategic report on pages 1 to 3:

- Financial results (including dividends)
- Future developments
- Financial risk management

Going concern

The Company is the UK distribution arm of a large worldwide group. Due to the positive group support, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources and related parent company support to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

Director's report

Statement of directors' responsibilities in respect of the financial statements (continued)

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' 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

Independent auditors

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

Approved by and signed on behalf of the Board of Directors



B Paterson
Director

Registered office
Duferco House
Buntsford Park Road
Bromsgrove
Worcestershire
B60 3DX

20 January 2020

Independent auditors' report to the members of Duferco UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Duferco 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 balance sheet as at 30 September 2019; the statement of profit and loss, the statement of changes in equity for the year then ended 30 September 2019; 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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 set out on page 4 and 5, 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. 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.

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.

Matt Palmer

Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham 20 January 2020

Statement of profit and loss
For the year ended 30 September 2019

	Note	2019 £000	2018 £000
Turnover	2	160,067	164,067
Cost of sales		(153,000)	(155,887)
Gross profit		7,067	8,180
Distribution costs		(2,824)	(2,759)
Administrative expenses		(2,682)	(3,478)
Operating profit	3	1,561	1,943
Interest payable and similar expenses	6	(1,506)	(1,318)
Profit before taxation		55	625
Tax on profit	7	(22)	(170)
Profit for the financial year		33	455

The company has no other comprehensive income in either the current or preceding year other than the profit for the financial year.

In both the current and preceding years all turnover arose from continuing operations.

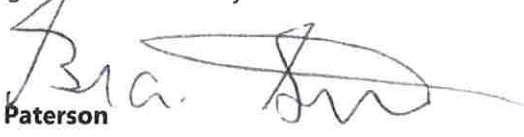
The notes on pages 11 to 20 form part of these financial statements.

Balance sheet
as at 30 September 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	8	236	260
		236	260
Current assets			
Stocks	9	47,167	52,936
Debtors	10	50,532	51,816
Cash at bank and in hand		11,779	19,097
		109,478	123,849
Creditors: amounts falling due within one year	11	(99,861)	(114,289)
Net current assets		9,617	9,560
Total assets less current liabilities		9,853	9,820
Net assets		9,853	9,820
Capital and reserves			
Called up share capital	14	10,400	10,400
Profit and loss account		(547)	(580)
Total shareholders' funds		9,853	9,820

The notes on pages 11 to 20 form part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board of Directors on 20 January 2020 and signed on its behalf by:


B Paterson
Director

Company number: 03538773

Statement of changes in equity
For the year ended 30 September 2019

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance as at 1 October 2017	10,400	(1,035)	9,365
Profit for the financial year	-	455	455
Balance as at 30 September 2018	10,400	(580)	9,820
Profit for the financial year	-	33	33
Balance as at 30 September 2019	10,400	(547)	9,853

The notes on pages 11 to 20 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Duferco UK Limited (the "Company") is a Limited company incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies adopting Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the directors' opinion there are no critical accounting estimates and judgements that impact the financial statements.

The Company's parent undertaking, Duferco International Trading Holding S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Duferco International Trading Holding S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from:

Duferco International Trading Holding S.A.
Rue Guillaume Schneider 6
Luxembourg

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible assets.
- Disclosures in respect of related party transactions with fellow and wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Duferco International Trading Holding S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share based payments* in respect of group settled share based payments;
- The disclosures required by IFRS 7 *Financial Instrument disclosures*

There were no material changes to International Financial Reporting Standards relevant to the Company during the year.

Notes (continued)

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business review in the strategic report on page 1. The financial position of the Company is shown in the balance sheet on page 9.

The Company is the UK distribution arm of a large worldwide group. Due to the positive group support, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources and related parent company support to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.4 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- 2% per annum
Computer equipment	- 50% per annum
Office equipment	- 10% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the average cost principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Loans

Loans are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost calculated on an effective interest basis.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss in the periods during which services are rendered by employees.

1.8 Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold and services provided to customers. Turnover is recognised when a customer obtains title the goods, which is normally when a delivery or collection is made. Turnover is recognised for goods which are on hand and ready for delivery or collection; where the buyer has taken title, accepted billing and acknowledged the delivery or collection terms and the standard payment terms apply. Commissions are received when the Company act as an intermediary between a group company and a customer and are recognised in line with delivery or collection of the goods.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Given the uncertainty around the future profitability of the Company, as asset has been recognised only to the extent that the deferred tax liability in respect of fixed assets and temporary differences is being offset.

Notes (continued)

2 Turnover

The company's turnover was all derived from its principal activity. Sales were made in the following geographical markets:

	2019 £000	2018 £000
United Kingdom	144,750	153,075
Rest of Europe	15,317	10,992
	160,067	164,067

3 Operating profit

Included in profit are the following:	2019 £000	2018 £000
Depreciation on tangible assets	26	23
Impairment charge/(credit) on trade receivables	5	(29)
Foreign exchange loss/(gain)	253	(11)
Operating lease expenses	133	52
<i>Auditors' remuneration:</i>		
Audit of financial statements	22	21
Taxation compliance services	8	7
	30	28

The company has two (2018: two) property leases. One has no fixed term and includes one month notice period, while the other one has the following minimum lease payments:

	2019 £000	2018 £000
Not later than one year	56	70
Later than one year and not later than five years	447	193
	503	263

4 Remuneration of directors

	2019 £000	2018 £000
Directors' emoluments	588	1,001
Company contributions to money purchase pension schemes	53	51
	641	1,052

Notes (continued)

4 Remuneration of directors (continued)

Retirement benefits are accruing to the following number of directors under:

	2019	Number	2018
Money purchase pension schemes	<u>4</u>		<u>4</u>

The highest paid director received remuneration of £165,236 (2018: £255,289). The value of the Company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,753 (2018: £12,670).

5 Staff numbers and costs

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

	Number of employees	
	2019	2018
Sales	5	6
Commercial and administration	11	9
Directors	<u>4</u>	<u>4</u>
	<u>20</u>	<u>19</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	1,212	2,240
Social security costs	225	223
Other pension costs	<u>110</u>	<u>105</u>
	<u>1,547</u>	<u>2,568</u>

6 Interest payable and similar expenses

	2019	2018
	£000	£000
Bank loans and overdraft	<u>1,506</u>	<u>1,318</u>
	<u>1,506</u>	<u>1,318</u>

Notes (continued)

7 Tax on profit

(i) Analysis of charge for the year

	2019 £000	2018 £000
<i>UK corporation taxes</i>		
Current tax on income for the year	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax (see note 13)</i>		
Current year	25	152
Effect of change in tax rates	(3)	18
Total deferred tax	22	170
Tax charge on profit	22	170

(ii) Factors affecting the tax charge for the year

The current tax charge for the year is £22,000. The standard rate of corporation tax in the UK is 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	55	625
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.5%)	10	119
<i>Effects of:</i>		
Permanently disallowable expenditure	19	27
Movement on previously unrecognised tax losses	-	-
Other timing differences	(7)	24
Total current tax charge (see above)	22	170

(iii) Factors that may affect future current and total tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes (continued)

8 Tangible assets

	Freehold land	Buildings	Computer and office equipment	Total
Cost	£000	£000	£000	£000
At the beginning of year	50	253	94	397
Addition	-	-	2	2
At the end of year	50	253	96	399
Depreciation				
At the beginning of year	-	97	40	137
Charge for the year	-	5	21	26
At the end of year	-	102	61	163
Net book value				
At 30 September 2019	50	151	35	236
At 30 September 2018	50	156	54	260

9 Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	47,167	52,936

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £ 152,228,000 (2018: £ 153,445,000). The write-down of stocks to net realisable value amounted to £253,170 (2018: £Nil). The write down is included in cost of sales.

Notes (continued)

10 Debtors

	2019 £000	2018 £000
Trade debtors	48,306	49,624
Amounts owed by group undertakings	1,447	136
Other debtors	261	240
VAT receivable	408	1,684
Deferred tax assets (note 13)	110	132
	50,532	51,816

Trade debtors is stated after no provisions (2018: £10,000).

Amounts owed by group undertakings are not interest bearing and are payable on demand.

11 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Bank loans (secured)	62,298	78,083
Trade creditors	836	2,482
Amounts owed to group undertakings	35,602	32,152
Taxation and social security	49	48
Accruals and deferred income	1,074	1,521
Other creditors	2	3
	99,861	114,289

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The borrowing base facility is secured by a fixed and floating charge on stocks and book debts of the company and a guarantee from a group company, Duferco International Trading Holding S.A. It is repayable on demand. See note 12 for further information.

Notes (continued)

12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £000	2018 £000
Creditors falling due within less than one year		
Secured bank loans	<u>62,298</u>	<u>78,083</u>

Terms and debt repayment schedule

			Year of maturity	Face value	Carrying amount	Face value	Carrying amount
	Currency	Nominal interest rate		2019 £000	2019 £000	2018 £000	2018 £000
Natixis Bank loan GBP	GBP	2.19%	Repayable on demand	55,000	55,000	75,500	75,500
Natixis Bank loan EUR	EUR	1.50%	Repayable on demand	7,298	7,298	2,583	2,583
				<u>62,298</u>	<u>62,298</u>	<u>78,083</u>	<u>78,083</u>

Notes (continued)

13 Deferred tax assets

The following are the deferred tax assets recognised by the Company and movements thereon during the year:

	2019	2018
	£000	£000
Accelerated capital allowance	(22)	(30)
Other timing differences	132	162
	110	132
At the beginning of year	132	302
Charge to statement of profit and loss	(22)	(170)
At the end of year	110	132

14 Called up share capital

	2019	2018
	£000	£000
Authorised, allotted, called up and fully paid:		
10,400,000 ordinary shares of £1 each	10,400	10,400

(2018: 10,400,000 ordinary shares of £1 each)

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Duferco International Trading Holding S.A., a company incorporated in Luxembourg.

The ultimate parent undertaking and controlling party is Hebstee Global Holding Pte. Ltd., Singapore ("Hebstee") a fully owned subsidiary of Hesteel Group Co. Ltd., The People's Republic of China ("Hesteel").

The smallest group in which the results of the company are consolidated is Duferco International Trading Holding S.A.

The consolidated financial statements of Duferco International Trading Holding S.A. may be obtained from:

Duferco International Trading Holding S.A.
Rue Guillaume Schneider 6
Luxembourg