

# **Valbruna UK Limited**

Registered number: 2015096

## **Directors' report and financial statements**

**For the year ended 31 December 2015**

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## VALBRUNA UK LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	M A Gresele V Viero P Wood
<b>Company secretary</b>	V Viero
<b>Registered number</b>	2015096
<b>Registered office</b>	Oldbury Road West Bromwich West Midlands B70 9BT
<b>Independent auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT
<b>Bankers</b>	HSBC Bank Plc 130 New Street Birmingham West Midlands B2 4JU

# **VALBRUNA UK LIMITED**

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**VALBRUNA UK LIMITED**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Introduction**

The principal activity of the company continued to be stockholders of stainless steel and nickel alloys.

There have not been any significant changes in the Company's activities in the year under review. The directors are not aware, as at the date of this report, of any likely major changes in the Company's principal activities in the next year.

**Business review**

Market conditions have continued to be slow throughout the year. As a result the company reached £17.8 million in sales which represents a 29% decrease on the previous year. In spite of this gross percentage margins generated were slightly higher than last year.

Collections of trade receivables were generally within trading terms and no significant bad debt was incurred. The level of business and the year end financial position were not completely satisfactory, but the beginning of 2016 show encouragement.

**Principal risks and uncertainties**

The principal risk identified by the directors continue to be in relation to the growth of revenues and customers in what continues to be a challenging and competitive market. The company always continues to develop and grow relations with existing customers and grow overall customer numbers by delivering a high quality product.

**Financial key performance indicators**

Turnover of £17,751,046 was 29% lower than 2014 (£25,008,782) and profits before tax fell by 123% to now be a loss of (£121,769) (2014: £516,872). The gross margin was 12.6% (2014: 12.4%).

Cash generated in operating activities was £765,643 (2014: (£599,128)).

**Outlook**

The directors are optimistic that the level of activity will remain satisfactory in the 2016 financial year in spite of some ongoing challenging market conditions.

This report was approved by the board on **MARCH 30, 2016,** and signed on its behalf.



M. A. Gresele  
Director

## **VALBRUNA UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £76,602 (2014 - profit £404,030).

#### **Dividends**

The directors do not recommend the payment of any dividend.

#### **Directors**

The directors who served during the year were:

M A Gresele  
V Viero  
P Wood

**VALBRUNA UK LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Financial risk management**

**Credit Risk**

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

**Liquidity Risk**

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

**Future development**

The directors are optimistic that the level of activity will remain satisfactory in the 2016 financial year in spite of some ongoing challenging market conditions.

**Directors indemnity**

The company has Directors' and Officers' Insurance in place and the directors have confirmed that the level of cover taken out is adequate.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **MARCH 30, 2016,** and signed on its behalf.

  
M A Gresele  
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALBRUNA UK LIMITED**

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We have audited the financial statements of Valbruna UK Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) [FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"].

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**VALBRUNA UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALBRUNA UK LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*Louis Burns*

Louis Burns (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street  
Birmingham  
B3 2RT

Date: 15 April 2016



VALBRUNA UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover		17,751,046	25,008,782
Cost of sales		(15,508,875)	(21,898,584)
<b>Gross profit</b>		<u>2,242,171</u>	<u>3,110,198</u>
Distribution costs		(992,097)	(1,083,924)
Administrative expenses		(1,280,843)	(1,341,459)
Other operating income		90,034	71,213
<b>Operating profit</b>		<u>59,265</u>	<u>756,028</u>
Interest receivable and similar income	9	199	-
Interest payable and expenses	10	(178,317)	(239,156)
<b>(Loss)/profit before tax</b>		<u>(118,853)</u>	<u>516,872</u>
Tax on (loss)/profit	11	42,251	(112,842)
<b>(Loss)/profit for the year</b>		<u>(76,602)</u>	<u>404,030</u>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(76,602)</u>	<u>404,030</u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

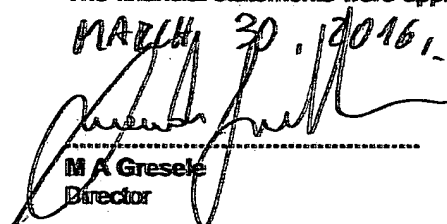
**VALBRUNA UK LIMITED**  
Registered number: 2015096

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	12	2,071,869	2,256,762
Investments	14	2,763	2,763
Investment property	13	1,850,000	1,850,000
		<u>3,924,632</u>	<u>4,109,525</u>
<b>Current assets</b>			
Stocks	15	14,550,435	14,725,380
Debtors	16	3,699,232	5,537,210
Cash at bank and in hand	17	75,631	95,204
		<u>18,325,298</u>	<u>20,357,794</u>
Creditors: amounts falling due within one year	18	<u>(14,312,244)</u>	<u>(16,408,322)</u>
<b>Net current assets</b>		<u>4,013,054</u>	<u>3,949,472</u>
<b>Total assets less current liabilities</b>		<u>7,937,686</u>	<u>8,058,997</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	<u>(300,208)</u>	<u>(344,917)</u>
<b>Net assets</b>		<u><u>7,637,478</u></u>	<u><u>7,714,080</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,500,000	1,500,000
Revaluation reserve	21	959,955	959,955
Profit and loss account	21	5,177,523	5,254,125
		<u>7,637,478</u>	<u>7,714,080</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

MARCH 30, 2016,

  
M A Gresele  
Director

The notes on pages 10 to 28 form part of these financial statements.

**VALBRUNA UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2015**

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	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2015	1,500,000	959,955	5,254,125	7,714,080
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(76,602)	(76,602)
<b>At 31 December 2015</b>	<u>1,500,000</u>	<u>959,955</u>	<u>5,177,523</u>	<u>7,637,478</u>

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2014**

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	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2014	1,500,000	959,955	4,850,095	7,310,050
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	404,030	404,030
<b>At 31 December 2014</b>	<u>1,500,000</u>	<u>959,955</u>	<u>5,254,125</u>	<u>7,714,080</u>

The notes on pages 10 to 28 form part of these financial statements.

**VALBRUNA UK LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(76,602)	404,030
<b>Adjustments for:</b>		
Depreciation of tangibles	294,443	276,581
Loss on disposal of tangibles	(2,452)	(3,650)
Decrease in stocks	174,945	1,088,319
Interest paid	178,317	239,156
Interest received	(199)	-
Taxation	(42,251)	112,842
Decrease in debtors	1,798,103	57,415
Decrease/(increase) in amounts owed by groups	54,751	(2,193)
Decrease in creditors	(2,013,827)	(95,011)
Increase/(decrease) in amounts owed to groups	417,749	(2,555,533)
Corporation tax paid	(17,334)	(121,084)
<b>Net cash generated from operating activities</b>	<u>765,643</u>	<u>(599,128)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(110,879)	(277,947)
Sale of tangible fixed assets	3,781	3,650
Interest received	199	-
<b>Net cash from investing activities</b>	<u>(106,899)</u>	<u>(274,297)</u>
<b>Cash flows from financing activities</b>		
New secured loans	-	7,500,000
Repayment of loans	(500,000)	-
Repayment of other loans	-	(6,400,000)
Interest paid	(178,317)	(239,156)
<b>Net cash used in financing activities</b>	<u>(678,317)</u>	<u>860,844</u>
<b>Net decrease in cash and cash equivalents</b>	(19,573)	(12,581)
Cash and cash equivalents at beginning of year	95,204	107,785
<b>Cash and cash equivalents at the end of year</b>	<u><u>75,631</u></u>	<u><u>95,204</u></u>
Cash at bank and in hand	75,631	95,204
	<u><u>75,631</u></u>	<u><u>95,204</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies**

**1.1 General information**

Valbruna UK Limited is limited company incorporated in England and Wales. The address of its registered office and principal place of business are disclosed on the company information page of these financial statements.

**1.2 Statement of compliance**

The financial statements of Valbruna UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

**1.3 Basis of preparation of financial statements**

The financial statements have been prepared under the historical costs convention as modified by the revaluation of investment properties and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	4%
Plant & machinery	-	12.5%
Motor vehicles	-	25%
Fixtures & fittings	-	12.5%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.8 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies (continued)**

**1.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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1. Accounting policies (continued)

1.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies (continued)**

**1.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.14 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

**1.15 Finance costs**

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.16 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.17 Interest income**

Interest income is recognised in the Income Statement using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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1. Accounting policies (continued)

1.18 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

1.19 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Investment property valuations**

The directors have made key assumptions in the determination of the fair value of investment properties in respect of the state of the property market in the locations where the properties are situated and in respect of the range of reasonable fair value estimates of the asset. The valuation method is further described in Note 13 together with the valuation of the property at the reporting date.

**3. Analysis of turnover**

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	17,080,200	23,912,956
Rest of Europe	391,241	730,474
Rest of the world	279,605	365,352
	<u>17,751,046</u>	<u>25,008,782</u>

**4. Other operating income**

	2015 £	2014 £
Other operating income	90,034	71,213
	<u>90,034</u>	<u>71,213</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**5. Operating profit**

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	294,443	276,581
	<u>294,443</u>	<u>276,581</u>

**6. Auditors' remuneration**

	2015 £	2014 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	22,500	21,165
	<u>22,500</u>	<u>21,165</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Services relating to corporation tax compliance	4,800	2,400
All other non-audit services not included above	4,787	5,025
	<u>9,587</u>	<u>7,425</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	890,372	907,125
Social security costs	92,872	86,171
Cost of defined contribution scheme	22,314	21,922
	<u>1,005,558</u>	<u>1,015,218</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Management	1	1
Administration	18	17
Production	13	14
Sales	6	7
	<u>38</u>	<u>39</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**8. Directors' remuneration**

	2015 £	2014 £
Directors' emoluments	66,933	55,816
Company contributions to defined contribution pension schemes	1,650	1,903
	<u>68,583</u>	<u>57,719</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2015 £	2014 £
Other interest receivable	199	-
	<u>199</u>	<u>-</u>

**10. Interest payable and similar charges**

	2015 £	2014 £
Interest payable on bank overdraft	2	803
Interest on bank loans	93,026	141,322
Other interest payable on factored debt	85,289	97,031
	<u>178,317</u>	<u>239,156</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**11. Taxation**

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	91,702
Adjustments in respect of previous periods	2,458	-
<b>Total current tax</b>	<u>2,458</u>	<u>91,702</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(25,510)	21,140
Changes to tax rates	(19,199)	-
<b>Total deferred tax</b>	<u>(44,709)</u>	<u>21,140</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(42,251)</u>	<u>112,842</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	(118,853)	516,872
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(24,068)	111,092
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,479	3,328
Capital allowances for year in excess of depreciation	6,678	(24,395)
Utilisation of tax losses	1,009	-
Adjustments to tax charge in respect of prior periods	2,458	-
Short term timing difference leading to an increase (decrease) in taxation	-	1,677
Origination and reversal of timing differences	(33,807)	21,140
<b>Total tax charge for the year</b>	<u>(42,251)</u>	<u>112,842</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

12. Tangible fixed assets

	Freehold property £	Motor Vehicles, Plant & Machinery £	Computer, Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1 January 2015	2,399,339	1,798,630	422,628	4,620,597
Additions	9,246	59,782	41,851	110,879
Disposals	-	(35,849)	-	(35,849)
<b>At 31 December 2015</b>	<b>2,408,585</b>	<b>1,822,563</b>	<b>464,479</b>	<b>4,695,627</b>
<b>Depreciation</b>				
At 1 January 2015	912,258	1,127,585	323,992	2,363,835
Charge owned for the period	79,493	178,400	36,550	294,443
Disposals	-	(34,520)	-	(34,520)
<b>At 31 December 2015</b>	<b>991,751</b>	<b>1,271,465</b>	<b>360,542</b>	<b>2,623,758</b>
<b>At 31 December 2015</b>	<b>1,416,834</b>	<b>551,098</b>	<b>103,937</b>	<b>2,071,869</b>
At 31 December 2014	1,487,081	671,045	98,636	2,256,762

Included within freehold property is land of £318,991 (2014: £318,991), which is not depreciated.

**VALBRUNA UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**13. Investment property**

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2015	1,850,000
At 31 December 2015	<u>1,850,000</u>
<b>Comprising</b>	
Cost	1,008,772
Annual revaluation surplus/(deficit):	
2009	151,761
2010	40,000
2013	649,467
At 31 December 2015	<u>1,850,000</u>

The 2015 valuations were made by [Enter surveyor name here...], on an open market value for existing use basis.

**At 31 December 2015**

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:



**VALBRUNA UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**14. Fixed asset investments**

	Investments in group companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2015	1	2,762	2,763
<b>At 31 December 2015</b>	1	2,762	2,763
<b>At 31 December 2015</b>	-	-	-
<b>At 31 December 2015</b>	1	2,762	2,763
At 31 December 2014	1	2,762	2,763
<b>Subsidiary undertakings</b>			

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Valbruna Ireland Limited	Ireland	Ordinary	0.01 %	Stockholder of stainless steel and nickel alloy

**15. Stocks**

	2015 £	2014 £
Raw materials and consumables	14,550,435	14,725,380
	14,550,435	14,725,380

Stock recognised in cost of sales during the year as an expense was £15,172,697 (2014: 21,377,667).

An impairment loss of £279,629 (2014: £496,235) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**VALBRUNA UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015****16. Debtors**

	2015 £	2014 £
Trade debtors	3,557,231	5,368,538
Amounts owed by group undertakings	29,370	84,121
Other debtors	12,939	5,088
Prepayments and accrued income	58,847	53,494
Tax recoverable	40,845	25,969
	<u>3,699,232</u>	<u>5,537,210</u>

**17. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	75,631	95,204
	<u>75,631</u>	<u>95,204</u>

**18. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Bank loans	7,000,000	7,500,000
Trade creditors	165,950	168,644
Amounts owed to group undertakings	3,643,425	3,225,676
Taxation and social security	249,990	594,566
Other creditors	3,159,720	4,825,092
Accruals and deferred income	93,159	94,344
	<u>14,312,244</u>	<u>16,408,322</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**18. Creditors: Amounts falling due within one year (continued)**
**Secured loans**

The company has an invoice discounting agreement with HSBC Invoice Finance (UK) Limited pursuant to which the company has assigned to HSBC Invoice Finance (UK) Limited all book debts belonging to the company. The invoice discounting facility is secured by way of a fixed charge on non-vesting debts and a floating charge dated 18 April 2012. The amount outstanding under the invoice discounting agreement as at 31 December 2015 was £3,149,348 (2014 - £4,814,728).

The overdraft facility provided by HSBC Bank plc was secured by a debenture dated 2 April 2012 pursuant to which the company has granted fixed and floating charges over all of its property, assets and undertaking.

The company has bank loans secured by parent company Acciaierie Valbruna Spa, with a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant and machinery.

**19. Financial instruments**

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	2,762	2,762
Financial assets that are debt instruments measured at amortised cost	3,599,540	5,457,747
	<u>3,602,302</u>	<u>5,460,509</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(14,062,254)	(15,813,756)
	<u>(14,062,254)</u>	<u>(15,813,756)</u>

Financial assets measured at fair value through profit or loss comprise unlisted investments.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertaking and other debtors.

Financial Liabilities measured at amortised cost comprise bank loan, trade creditors, amounts owed to group undertaking, other creditors and deferred income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**20. Deferred taxation**

	<b>Deferred tax £</b>
At 1 January 2015	(344,917)
Charged to the profit or loss	44,709
<b>At 31 December 2015</b>	<b>(300,208)</b>

The provision for deferred taxation is made up as follows:

	<b>2015 £</b>	<b>2014 £</b>
Accelerated capital allowances	(131,061)	(155,784)
Revaluation of investment properties	(172,792)	(191,991)
Other short term timing differences	3,645	2,858
	<b>(300,208)</b>	<b>(344,917)</b>

**21. Reserves****Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value at each reporting date.

**Profit & loss account**

The profit and loss reserve represents cumulative profits or losses, excluding unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

**22. Share capital**

	<b>2015 £</b>	<b>2014 £</b>
<b>Authorised</b>		
5,000,000 Ordinary Share shares of £1 each	5,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
1,500,000 Ordinary Share shares of £1 each	1,500,000	1,500,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**


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**23. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £22,314 (2014: £21,922). At 31 December 2015 contributions amounting to nil (2014: nil) were payable to the fund and are included in creditors.

**24. Commitments under operating leases**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	6,639	11,382
Between 2 and 5 years	-	6,639
<b>Total</b>	<u>6,639</u>	<u>18,021</u>

**25. Related party transactions**

The company has taken advantage of the exemption under FRS 102 "Related Party Disclosures" not to disclose related party transactions between companies which are 100% or more owned by the ultimate parent company.

**26. Controlling party**

The immediate and ultimate parent company is Acciaierie Valbruna s.p.a a company incorporated in Italy. Copies of its consolidated financial statements are publicly available.

VALBRUNA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

27. First time adoption of FRS 102

	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets		4,108,159	-	4,108,159	4,109,525	-	4,109,525
Current assets		21,487,948	-	21,487,948	20,357,794	-	20,357,794
Creditors: amounts falling due within one year		(11,561,293)	-	(11,561,293)	(16,408,322)	-	(16,408,322)
<b>Net current assets</b>		<b>9,926,655</b>	<b>-</b>	<b>9,926,655</b>	<b>3,949,472</b>	<b>-</b>	<b>3,949,472</b>
<b>Total assets less current liabilities</b>		<b>14,034,814</b>	<b>-</b>	<b>14,034,814</b>	<b>8,058,997</b>	<b>-</b>	<b>8,058,997</b>
Creditors: amounts falling due after more than one year		(6,400,986)	-	(6,400,986)	-	-	-
Provisions for liabilities		(131,786)	(191,991)	(323,777)	(152,926)	(191,991)	(344,917)
<b>Net assets</b>		<b>7,502,042</b>	<b>(191,991)</b>	<b>7,310,051</b>	<b>7,906,071</b>	<b>(191,991)</b>	<b>7,714,080</b>
Capital and reserves		7,502,042	(191,991)	7,310,051	7,906,071	(191,991)	7,714,080

VALBRUNA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

27. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover		25,008,782	-	25,008,782
Cost of sales		(21,898,584)	-	(21,898,584)
		<u>3,110,198</u>	<u>-</u>	<u>3,110,198</u>
Distribution expenses		(1,083,924)	-	(1,083,924)
Administrative expenses		(1,341,459)	-	(1,341,459)
Other operating income		<u>71,213</u>	<u>-</u>	<u>71,213</u>
<b>Operating profit</b>		<u>756,028</u>	<u>-</u>	<u>756,028</u>
Interest payable and similar charges		(239,156)	-	(239,156)
Taxation		<u>(112,842)</u>	<u>-</u>	<u>(112,842)</u>
<b>Profit on ordinary activities after taxation and for the financial year</b>		<u><u>404,030</u></u>	<u><u>-</u></u>	<u><u>404,030</u></u>

Explanation of changes to previously reported profit and equity:

1 Deferred taxation

Revaluation of investment properties - Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary differences arising from the revaluation. A deferred tax charge of £191,991 arose on transition to FRS102.