Company Registration No. 1551970

voestalpine Metsec Plc
(Formerly known as Metsec Plc)

Annual Report and Financial Statements

31 March 2015

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Report and financial statements 2015

Contents | Page

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Strategic report

The directors present their Strategic Report on the company for the year ended 31 March 2015.

The Strategic Report, together with the Director's Report, serves as the Management Report for the purpose of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Business review and principal activities
The principal activities of the company are the manufacture of structural components and custom roll formed sections.

In the last financial year there have been no significant changes in the company's principal activities.

The results of the company for the year, as set out on pages 11 to 12, show the turnover of the company increased by 13.4% to £85.7m (2014: £75.5m). The result of the company shows a pre-tax profit of £13.5m (2014: £12.1m).

The performance of the company during the business year 2014/15 has produced encouraging results despite the still challenging business environment. It is anticipated that the current level of activity will be sustained for the next 12 months.

Key performance indicators ('KPIs')
We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the company by reference to the following KPIs:

	2014/15	2013/14
External Sales	£85.7m	£75.5m
Operating Profits	£13.6m	£12.4m
Operating Profits as % of Sales	15.9%	16.4%

The following other financial KPI's are monitored regularly by the company, however as these are not measured on a local UK GAAP basis but on an IFRS basis, details on these are not included in this Strategic Report:

- Return on Capital Employed (ROCE)
- Working Capital as % of Sales
- Free Cash Flow
- Value Added per Employee
- Personnel Expenses per Employee

The main non-financial KPI's used by the Board to monitor the progress of the company are as follows, however as these are not measured on a company level but on an interdivisional level, details on these are not included in this Strategic Report:

- OTIF (On-Time In-Full delivery)
- Rate of complaints
- Scrap percentage
- Labour turnover
- Accident rate
- Number of new products

Strategic report (continued)

Principal risks and uncertainties

The risks discussed below could have a material adverse effect separately, or in combination, on our operational performance, sales, cash flows and financial condition.

In order to reduce a potential negative impact on the company, voestalpine Metsec's risk management process is in line with the risk management policy of its parent company (voestalpine AG). A systematic risk management approach has been practiced since the 2000/01 business year. This is an integral part of the company's business processes and an important factor for sustainable corporate success.

Risk management extends to both the strategic and operational levels. For the most important risk areas the following preventive measures have been taken by the company.

Raw material risk

The price of steel is affected by supply and demand, mainly regionally but potentially also globally. Regarding the long-term sustainability of raw materials, for a number of years, the company has been implementing a procurement strategy to ensure continuity of supply. Its core element is expanding the portfolio of suppliers.

Credit risk

The credit risk of the company's transactions is kept low by means of precise management of debtor levels and credit limits. A large proportion of transactions are secured by credit insurance policies.

Liquidity risk

An essential instrument in the control of the liquidity risk is precise financial planning. The company submits these plans directly to the Group treasury of voestalpine on a revolving basis. Appropriate financing and credit lines are established with the voestalpine treasury, if required.

IT system risk

In order to minimise IT risks to the greatest degree possible (particularly the threat of data security and the breakdown of critical systems), the company is complying with voestalpine's groupwide minimum standard in electronic data processing.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Hedging occurs because of naturally closed positions, where, for example, trade debtors denominated in Euros are offset by trade creditors for purchases of raw materials in Euros. In addition, derivative financial instruments are utilised by the voestalpine treasury department for hedging purposes.

Outlook and future developments

Following the victory of the Conservatives at the UK Election the removal of political uncertainty is valuable, but does not intrinsically change the economic outlook. More austerity will drag on economic growth, but the likelihood is that some elements of the fiscal austerity programme will be watered down, keeping activity growing moderately.

The rate of economic growth halved in the three months to the end of March 2015 to 0.3% marking the slowest quarterly growth for two years.

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Strategic report (continued)

Outlook and future developments (continued)

Despite the slowing of the pace of the UK economic recovery, the UK economy remains relatively strong compared to the rest of Europe as business surveys and confidence indicators are pointing to robust activity. It is predicted that Britain's economy is set to record the second fastest growth rate in 2015 out of the G7 countries. During the UK's budget announcement this year the forecast for growth was revised to 2.5% in 2015 and further growth is forecast for the years 2016 (2.3%) and 2017 (2.3%).

The company will continue to deliver excellent customer service to achieve further growth in existing market segments and potential new markets. Furthermore we aim to improve efficiency in all areas of our operations through continuous improvement process management.

By order of the board

T Baumgartner
Director
31 July 2015

Registered Office:

voestalpine Metsec plc,
Broadwell Road,
Oldbury,
Warley,
West Midlands,
B69 4HF

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2015.

Change of Name

On 1 October 2014 the company changed its name from Metsec plc to voestalpine Metsec plc, to further strengthen the global voestalpine brand. Apart from the changed registered name all other details remain the same. The company's business remains fundamentally unaffected by this change and all contracts with customers and suppliers remain unaltered, with corresponding obligations and rights assumed under the new name.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report and form part of this report by cross-reference.

Research and development

We continue to invest in our manufacturing equipment and software development to improve our competitiveness. The directors regard the investment in research and development as integral to the continuing success of the business.

Directors

The directors who held office during the year and subsequently were as follows:

N A Richardson
T Baumgartner
D C Leggett
H Eibensteiner (Resigned 01 October 2014)
G Felderer
H Punz
P Schwab (Appointed 01 October 2014)

Directors' indemnities

The company's ultimate holding company voestalpine AG has made qualifying third party indemnity provisions for the benefit of the directors of both voestalpine AG and all affiliated wholly-owned group companies which were made during the year and remain in force at the date of this report.

Dividends

Dividends paid comprise of an interim dividend in respect of the year ended 31 March 2015 of £7,440,000 (2014: £7,716,000). The profit for the year of £10,853,000 (2014: profit of £9,254,000) has been transferred to reserves.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company exceeds the book values of these assets at 31 March 2015.

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report.

The company is expected to continue to generate positive operating cash flows for the foreseeable future. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore adopted the going concern assumption as a basis of accounting in preparing the financial statements.

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Directors' report (continued)

Financial risk management
Potential risks affecting the performance and financial position of the company are set out in the Strategic Report.

Political contributions
No political contributions were made by the company during the year.

Disabled employees
voestalpine Metsec plc has an established policy of encouraging the employment of disabled persons wherever this is practicable. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees. Employees who become disabled during their working life will be retained in employment wherever possible, and will be given help with any necessary rehabilitation and retraining.

Employee consultation
Communication with employees is effected through information bulletins, by briefing meetings conducted by senior management and by employee representation on works councils. Briefing meetings and councils enable senior management to consult employees and to ascertain their views on matters likely to affect their interest.

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006.

By order of the board

T Baumgartner
Director
31 July 2015

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

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

Independent auditor's report to the members of voestalpine Metsec Plc

We have audited the financial statements of voestalpine Metsec plc for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. 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).

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2015 and of its profit 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 other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of voestalpine Metsec Plc

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 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.

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
5 August 2015

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Profit and loss account
31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	2	85,663	75,535
Cost of sales		(61,170)	(52,616)
Gross profit		24,493	22,919
Distribution expenses		(4,718)	(4,695)
Administrative expenses		(6,130)	(6,446)
Other operating income	4	-	614
Operating profit	3	13,645	12,392
Finance costs (net)	7, 22	(127)	(243)
Profit on ordinary activities before taxation		13,518	12,149
Taxation on profit on ordinary activities	8	(2,665)	(2,895)
Profit for the financial year	20	10,853	9,254

Turnover and operating profit derive from continuing operations in both periods.

There is no difference between the profit on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents other than the depreciation on revalued element of buildings of £30,000 (2014: £30,000).

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Statement of comprehensive income
31 March 2015

	Note	2015 £'000	2014 £'000
Profit for the financial year		10,853	9,254
Actuarial gain on the pension scheme during the year	22	136	1,181
Deferred tax relating to actuarial gain		(27)	(271)
Impact of change in tax rate on the pension liabilities		-	35
Other comprehensive income		**109**	**945**
Total comprehensive income		**10,962**	**10,199**

Note of historical cost profits and losses
31 March 2015

	2015 £'000	2014 £'000
Reported profit on ordinary activities before taxation	13,518	12,149
Difference between an historical cost depreciation charge and the actual charge on the revalued amount	30	30
Historical profit on ordinary activities before taxation	13,548	12,179
Historical profit for the period retained after taxation	10,893	9,284

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Balance sheet
31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	17,112	18,668
Investments	12	-	-
		17,112	18,668
Current assets			
Stocks	13	5,167	4,170
Debtors	14	30,994	24,331
Cash at bank and in hand		384	681
		36,545	29,182
Creditors: amounts falling due within one year	15	(28,254)	(25,635)
Net current assets		8,291	3,547
Total assets less current liabilities		25,403	22,215
Provisions for liabilities and charges	16	(484)	(612)
Net assets excluding pension liabilities		24,919	21,603
Pension assets	22	1,811	1,605
Net assets		26,730	23,208
Capital and reserves			
Called-up share capital	18	1,583	1,583
Share premium account	19	788	788
Revaluation reserve	19	1,725	1,755
Profit and loss account	19	22,634	19,082
Shareholders' funds	20	26,730	23,208

These financial statements of voestalpine Metsec plc, registered number: 1551970 were approved by the board of directors on 31 July 2015 and were signed on its behalf by:

N Richardson

Director

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Statement of changes in equity
31 March 2015

	Called-up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total
	£m	£m	£m	£m	£m
At 1 April 2013	**1,583**	**788**	**1,785**	**16,569**	**20,725**
Retained profit for the financial year	-	-	-	9,254	9,254
Actuarial gain recognised in the pension scheme during the year	-	-	-	1,181	1,181
Movement on deferred tax relating to actuarial gain in the pension scheme	-	-	-	(271)	(271)
Impact of change in tax rate on the pension liabilities	-	-	-	35	35
Total comprehensive income	-	-	-	**10,199**	**10,199**
Dividends paid on equity shares	-	-	-	(7,716)	(7,716)
Transfer	-	-	(30)	30	-
At 31 March 2014	**1,583**	**788**	**1,755**	**19,082**	**23,208**
Retained profit for the financial year	-	-	-	10,853	10,853
Actuarial gain recognised in the pension scheme during the year	-	-	-	136	136
Movement on deferred tax relating to actuarial gain in the pension scheme	-	-	-	(27)	(27)
Total comprehensive income	-	-	-	**10,962**	**10,962**
Dividends paid on equity shares	-	-	-	(7,440)	(7,440)
Transfer	-	-	(30)	30	-
At 31 March 2015	**1,583**	**788**	**1,725**	**22,634**	**26,730**

Notes to the financial statements
Year ended 31 March 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

voestalpine Metsec plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 5. The nature of the company's operations and its principal activities are set out in the strategic report on pages 3 to 5.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has early adopted FRS 102 and its effective date of transition was 1 April 2012.

The functional currency of voestalpine Metsec plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

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

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Business Review section of the Strategic Report on page 3. The company is expected to continue to generate positive operating cash flows for the foreseeable future. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore adopted the going concern assumption as a basis of accounting in preparing the financial statements.

Goodwill

Goodwill, which represents the excess of the fair value of the consideration for the trade and assets of subsidiaries over the fair values of the assets acquired, is capitalised and stated at historical cost less provisions for amortisation and impairment.

Amortisation of goodwill is provided from the date of acquisition so as to write off the goodwill, on a straight line basis over the term of its useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided to write off on a straight line basis the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	maximum of 2% per annum
Leasehold land and buildings	term of lease
Plant and machinery	7.5% to 20% per annum
Fixtures and fittings	33.3% per annum

1 Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

No depreciation is provided on freehold land. Interest and other financial costs are not capitalised.

The company has previously applied the transitional rules contained in FRS 15 to retain the book value of fixed assets at their previously revalued amounts, with the surplus on book value being recognised as revaluation reserve. No further revaluations will be undertaken.

Impairment of assets

The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of the net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future cash flows.

Fixed asset investments

Fixed asset investments are stated at cost less any provision necessary for permanent diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses are included in the profit and loss account.

Grants

Capital based grants are included with accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

1 Accounting policies (continued)

Pensions (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The pension scheme surplus (to the extent that is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of comprehensive income, actuarial gains and losses.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

1 **Accounting policies (continued)**

Financial instruments (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated selling price less cost to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow moving or defective items. Cost is calculated as follows:

- raw materials and bought out parts purchase price, and
- work in progress and finished goods, raw material cost plus direct labour and an appropriate proportion of manufacturing overheads

Taxation

The charge for taxation is based on the profit for the year.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods delivered, and is recognised when the significant risks and rewards are considered tohave been transferred to the buyer.

Recognition of assets and liabilities

Where a contract is entered into which transfers substantially, all of the risks and rewards associated with an asset to a third party in exchange for an advance on the settlement value of that asset, the asset and the associated liability resulting from the advance are presented in the accounts on a net basis.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements.

voestalpine Metsec plc
(Formerly known as Metsec Plc)

Notes to the financial statements (continued)
Year ended 31 March 2015

2. Turnover

The directors are of the opinion that only one major class of business is being undertaken, namely that of manufacturing structural components and roll formed section. The origin of almost all the company's trading is the United Kingdom.

	2015 £'000	2014 £'000
Geographical analysis by destination		
United Kingdom	83,240	73,371
Rest of Europe	1,757	1,348
Other	666	816
	85,663	75,535

3. Operating profit

Operating profit is stated after charging	2015 £'000	2014 £'000
Depreciation of owned assets	2,511	2,362
Operating lease of equipment	169	166
Rentals under operating leases		
Plant and vehicles	309	328
Others	17	17
Loss on disposal of fixed assets	4	-

Auditor's remuneration

	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	41	39

Fees payable to the company's auditor includes the audit fee for the company's intermediate parent company, Voest Alpine Krems UK plc of £3,000 (2014: £3,000) which was borne by the company.

	2015 £'000	2014 £'000
Fees payable to the company's auditor and its associates for other services to the company (taxation compliance services)	9	8

4. Other operating income

Other operating income recognised in prior year refers to the impact of the curtailment on the actuarial valuation of the defined benefit obligation pension scheme, resulting from the agreement signed between the company and the Trustees during the year, that closed the scheme to new accrual from 30 June 2013.

Notes to the financial statements
Year ended 31 March 2015

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2015	**2014**
Production	222	201
Sales and distribution	35	33
Administration	84	85
	341	319

The aggregate payroll costs of these persons were as follows:

	2015	**2014**
	£'000	**£'000**
Wages and salaries	12,158	10,633
Social security costs	1,133	1,075
Other pension costs (note 22)	309	1,055
	13,600	12,763

6. Remuneration of directors

	2015	**2014**
	£'000	**£'000**
Directors' emoluments	540	516
Company contributions to money purchase pension scheme	33	32
	573	548

None of the directors is a member of the group defined benefit scheme (2014: None), and three directors are members of the money purchase pension scheme (2014: three).

	2015	**2014**
	£'000	**£'000**
Highest paid director		
Director's emoluments	230	225
Contributions to money purchase pension scheme	14	14

Notes to the financial statements
Year ended 31 March 2015

7. Finance costs (net)

	2015 £'000	2014 £'000
Interest receivable on amounts due from group undertakings	78	36
Interest payable and similar charges on bank loans and overdrafts	(275)	(212)
Other finance income/(costs) - Note 22	70	(67)
	(127)	(243)

8. Taxation

Analysis of charge in year	2015 £'000	2014 £'000
UK corporation tax		
Current tax on income for the year	3,214	3,046
Adjustment in respect of prior years	(394)	(12)
Total current tax	2,820	3,034
Deferred tax (note 16)		
Origination/reversal of timing differences	(187)	101
Adjustment in respect of prior years	32	(19)
Effect of rate change	-	(221)
Total deferred tax	(155)	(139)
Tax on profit on ordinary activities	2,665	2,895

Notes to the financial statements
Year ended 31 March 2015

8. Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015	**2014**
	£'000	**£'000**
Current tax reconciliation		
Profit on ordinary activities before tax	13,518	12,149
Current tax at 21% (2014: 23%)	2,839	2,794
Effects of		
Expenses not deductible for tax purposes	178	475
Non taxable income	-	(145)
Effect of change in tax law	10	(199)
Adjustment in respect of prior years	(362)	(31)
Total current tax charge	2,665	2,895

Factors that may affect the future tax charge

Finance Act 2012 introduced a reduction in the main rate of corporation tax. The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 21% (2013: 23%). The Finance Act 2013 was enacted in the period and implemented a reduction in the corporation tax rate from 23% to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015.

9. Dividends

The aggregate amount of dividends comprises:

	2015	**2014**
	£'000	**£'000**
Dividends paid (£4.70 dividend per share (2014: £4.87))	7,440	7,716

Notes to the financial statements
Year ended 31 March 2015

10. Intangible fixed assets

	Goodwill £'000
Cost	
At 31 March 2015 and at 31 March 2014	115
Accumulated amortisation	
At 31 March 2015 and at 31 March 2014	115
Net book amount	
At 31 March 2015 and at 31 March 2014	-

11. Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At beginning of year	16,320	25,488	6,867	48,675
Additions	-	-	962	962
Reclassifications	-	503	(503)	-
Disposals	-	(719)	(380)	(1,099)
At end of year	16,320	25,272	6,946	48,538
At cost	10,894	25,272	6,946	43,112
At open market valuation in 1990	5,426	-	-	5,426
	16,320	25,272	6,946	48,538
Depreciation				
At beginning of year	6,240	18,308	5,459	30,007
Charge for the year	718	1,359	434	2,511
Disposals	-	(711)	(381)	(1,092)
At end of year	6,958	18,956	5,512	31,426
Net book value				
At 31 March 2015	9,362	6,316	1,434	17,112
At 31 March 2014	10,080	7,180	1,408	18,668

The net book value of land and buildings comprises freehold properties of £9,362,000 (2014: £10,080,000) and long leaseholds of £nil (2014: £nil).

Prior to the adoption of FRS 15 (Tangible fixed assets) on 31 March 2000 it was company policy to revalue its freehold land and buildings. Freehold land and buildings were revalued in 1990 on the basis of open market values for existing use. The transitional provisions in FRS 15 have been applied and previous revaluations have been retained. From 31 March 2000 it is company policy not to revalue its fixed assets.

Notes to the financial statements
Year ended 31 March 2015

11. Tangible fixed assets (continued)

If freehold land and buildings had not been revalued, total land and buildings, including those which have not been subject to revaluation, would have been included on a historic cost basis at the following amounts:

	2015 £'000	2014 £'000
Cost	14,176	14,176
Accumulated depreciation	(6,539)	(5,851)
Historical cost value	7,637	8,325

12. Investments

Analysis of investments

The value of investments held by the company is £Nil (2014: £Nil).

Details of the principal subsidiaries are:

	Proportion of ordinary shares	Country of incorporation	Nature of business
Metal Sections Limited	100%	England	Non trading

13. Stocks

	2015 £'000	2014 £'000
Raw materials	2,822	2,006
Work in progress and finished goods	2,345	2,164
	5,167	4,170

There is no material difference between the balance sheet value of stocks and their replacement cost.

14. Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	1,502	2,480
Amounts due from group undertakings	28,957	21,432
Prepayments and accrued income	535	419
	30,994	24,331

Amounts owed by group undertakings are unsecured and have no fixed date of repayment.

Notes to the financial statements
Year ended 31 March 2015

15. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	17,813	16,366
Amounts owed to group undertakings	193	262
Corporation tax	1,313	1,731
Social security costs and other taxes	1,610	1,688
Other creditors	1,139	1,048
Accruals and deferred income	6,186	4,540
	28,254	25,635

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

16. Provisions for liabilities and charges

	Deferred tax liability on pension assets £'000	Other deferred taxation £'000	Total £'000
At beginning of year	(321)	(291)	(612)
(Charge)/credit to profit and loss account for the year	(14)	169	155
Recognised in the statement of comprehensive income	(27)	-	(27)
At end of year	(362)	(122)	(484)

Analysis of other deferred tax

	2015 Provided £'000	2014 Provided £'000
Capital allowances in excess of depreciation	316	477
Short term timing differences	(194)	(186)
	122	291

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £345,000 (2014: £351,000).

17. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2015 £'000	2014 £'000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 14)	1,502	2,480
• Amounts due from associates (see note 14)	28,957	21,432
Equity instruments measured at cost less impairment		
• Fixed asset investments in unlisted equity instruments (see note 12)	-	-
	30,459	23,912
Financial liabilities		
Measured at undiscounted amount payable		
• Trade and other creditors (see note 15)	18,952	17,414
• Amounts owed to associates (see note 15)	193	262
	19,145	17,676

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2015 £'000	2014 £'000
Interest income and expense		
Total interest income for financial assets at amortised cost (note 7)	78	36
Total interest expense for financial liabilities at amortised cost (note 7)	(275)	(212)

18. Called-up share capital

	2015 £'000	2014 £'000
Called-up, allotted and fully paid		
Ordinary shares of £1 each	1,583	1,583

Notes to the financial statements
Year ended 31 March 2015

19. Share premium and reserves

	Share premium £'000	Revaluation Reserve £'000	Profit and loss account £'000
At beginning of year	788	1,755	19,082
Retained profit for the financial year	-	-	10,853
Dividends paid (note 9)	-	-	(7,440)
Transfers	-	(30)	30
Actuarial gain on the pension scheme during the year	-	-	136
Movement on deferred tax relating to actuarial gain in the pension scheme	-	-	(27)
	788	1725	22,634

20. Reconciliation of movements in shareholder's funds

	2015 £'000	2014 £'000
Profit for the financial year	10,853	9,254
Dividends paid	(7,440)	(7,716)
Retained profit	3,413	1,538
Actuarial gain on pension scheme	136	1,181
Deferred tax relating to actuarial gain	(27)	(271)
Impact of change in tax rate on the pension liabilities	-	35
Net addition to shareholder's funds	3,522	2,483
Shareholder's funds at beginning of year	23,208	20,725
Shareholder's funds at end of year	26,730	23,208

Notes to the financial statements
Year ended 31 March 2015

21. Financial commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2015 £'000	2014 £'000
Contracted	275	16

b) At 31 March 2015, the company had annual commitments under operating leases which expire as follows:

	Land and buildings		Other	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Leases which expire:				
Within one year	-	-	91	35
Within two to five years	-	-	220	224
	-	-	311	259

22. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £646,000 (2014: £625,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The company operates the Metal Sections pension Scheme (1982), a defined benefit pension scheme providing benefits based on final pensionable pay. The scheme is closed to accrual from 30 June 2013. The latest full actuarial valuation was carried out at 31 January 2013 by a qualified independent actuary (JLT Benefit Solutions Ltd) and updated on an approximate basis to 31 March 2015.

The contributions made by the employer over the financial year have been £nil (2014: £113,000).

No additional contributions in respect of benefit augmentations or lump sums were payed either in 2015 and 2014.

Notes to the financial statements
Year ended 31 March 2015

22. Pension commitments (continued)

The major assumptions used by the actuary were:

	2015 %	2014 %	2013 %
Rate of discount	3.20%	4.35%	4.40%
Inflation (RPI)	3.10%	3.50%	3.50%
Inflation (CPI)	2.00%	2.60%	2.35%
Salary increases	n/a	n/a	3.50%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.00%	2.60%	2.35%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.10%	n/a	3.50%
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	2.50%	n/a	2.50%
Allowance for pension in payment increases of CPI or 5% p.a. if less	n/a	2.60%	n/a
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	n/a	2.50%	n/a
Allowance for communication of pension for cash at retirement	75% of Post	75% of Post	75% of Post

Mortality assumptions:

	Valuation at 2015	Valuation at 2014
Mortality before retirement	No allowance	No allowance
Retiring after retirement		
- Base table	125% of S1PxA	125% of PNxA00
- Improvement allowance	CMI_2014 (1.00%)	CMI_2011 (1.00%)

The assets in the scheme as at 31 March 2015 are:

	Value at 31 March 2015 £'000	Value at 31 March 2014 £'000	Value at 31 March 2013 £'000
Equities	3,866	4,063	4,241
Bonds	28,408	24,497	24,898
Property	1,448	1,359	1,287
Cash	242	147	124
Total market value of assets	33,964	30,066	30,550
Present value of scheme liabilities	(32,153)	(28,461)	(30,717)
Surplus/(Deficit) in scheme	1,811	1,605	(167)
Related deferred tax (liability)/asset	(362)	(321)	38
Recognised Surplus/(Deficit) in scheme	1,449	1,284	(129)

Notes to the financial statements
Year ended 31 March 2015

22. Pension commitments (continued)

Movement in present value of defined benefit obligation:

	2015 £'000	2014 £'000
At beginning of year	28,461	30,717
Current service cost	-	69
Interest cost	1,210	1,308
Contributions by scheme participants	-	24
Actuarial loss/(gain)	3,770	(1,883)
Benefits paid	(1,288)	(1,160)
Gain on Curtailment	-	(614)
At end of year	32,153	28,461

Movements in the fair value of plan assets:

	2015 £'000	2014 £'000
At beginning of year	30,066	30,550
Expected return on plan assets	1,280	1,241
Actuarial gains/(losses)	3,906	(702)
Contributions by employer	-	113
Contributions by scheme participants	-	24
Benefits paid	(1,288)	(1,160)
At end of year	33,964	30,066

Analysis of amount (credited)/charged to operating profit

	2015 £'000	2014 £'000
Current service costs	-	(69)
Curtailment	-	614
	-	545

Analysis of amount credited/(charged) to other finance income

	2015 £'000	2014 £'000
Expected return on pension scheme assets	1,280	1,241
Interest on pension scheme liabilities	(1,210)	(1,308)
	70	(67)

Notes to the financial statements
Year ended 31 March 2015

22. Pension commitments (continued)

Analysis of amount recognised in the statement of comprehensive income

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	3,906	(702)
Experience gains and losses arising on the scheme liabilities	(331)	634
Changes in financial assumptions underlying the scheme liabilities	(3,439)	1,249
Actuarial gain recognised in statement of comprehensive income	136	1,181

Movements in surplus during the year

	2015 £'000	2014 £'000
Surplus as at 31 March	1,605	(167)
Current service cost	-	(69)
Contributions	-	113
Other finance income	70	(67)
Actuarial gain	136	1,181
Gain on Curtailment	-	614
Surplus/(Deficit) as at 31 March	1,811	1,605

Notes to the financial statements
Year ended 31 March 2015

22. Pension commitments (continued)

History of experience gains and losses

	2015 %	2014 %	2013 %	2012 %	2011 (Restated) %
Difference between expected and actual return on scheme assets					
Amount (£'000)	3,906	(702)	2,043	837	48
Percentage of schemes assets	12%	(2%)	7%	3%	0%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(331)	634	(368)	(2,582)	(10)
Percentage of the present value of schemes liabilities	(1%)	2%	(1%)	(8%)	0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount (£'000)	(3,439)	1,249	3,205	(1,348)	100
Percentage of present value of scheme's liabilities	(11%)	4%	10%	(4%)	0%
Total amount recognised in statement of comprehensive income					
Amount (£'000)	136	1,181	4,880	(3,093)	138
Percentage of the present value of schemes liabilities	0%	4%	16%	(9%)	0%

23. Related party transactions

The total remuneration for key management personnel for the period totalled £573,000 (2014: £548,000), being remuneration disclosed in note 6.

24. Ultimate parent company

The immediate parent undertaking is Voest Alpine Krems UK Plc, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is voestalpine AG, a company incorporated in Austria. voestalpine AG is the parent undertaking and the controlling party of the smallest and largest group to consolidate these financial statements. Copies of the voestalpine AG consolidated financial statements can be obtained from the Company Secretary of voestalpine Metsec plc, Broadwell Road, Oldbury, Warley, West Midlands, B69 4HF.