Acenta Steel Group Limited

Annual report and financial statements

For the year ended 31 December 2012

Registered number 07434765

Acenta Steel Group Limited

Annual report and financial statements for the year ended 31 December 2012

Acenta Steel Group Limited

Directors and advisors

Directors

T Singh

C S Mills

J L Withers

Company Secretary

J L Withers

Registered office

Planetary Road
Willenhall
West Midlands
United Kingdom
WV13 3SW

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Legal advisers

DWF LLP
One Colmore Row Square
Birmingham
B4 6AJ

Acenta Steel Group Limited

Directors' report for the year ended 31 December 2012

The directors present their Annual Report and the audited financial statements of the company for the year ended 31 December 2012

The registration number of the company is 07434765

Results

The company's loss for the financial period is £615,000 (2011 £683,000)

Principal activities, going concern, business review and future developments

The principal activity of the company is that of an investment holding company

On the 6 January 2011, the company entered into a loan note agreement with the majority shareholders of its ultimate parent undertaking to finance the acquisition of Acenta Steel Limited (formerly Niagara LaSalle (UK) Limited) The loan facility was up to £2,530,000 and the loan is repayable in full in 2014 at a redemption premium of 30% The interest is applied at a fixed rate of 11% During the year the company made repayments of the capital leaving a loan balance of £45,000 at the year end

The directors are confident that any funding required could be readily available under these agreements The company has full financial support from its fellow subsidiary company, Acenta Steel Limited As a result, they believe that it is appropriate to prepare the financial statements on the going concern basis

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

The directors consider that the results for the period and the financial position at the end of the period were satisfactory

There are not any other significant changes expected to the business in the foreseeable future

Post balance sheet events

Acenta Steel Realisations Limited was incorporated on 28 February 2013 Subsequently, on 7 March 2013, it acquired the entire ordinary share capital of Acenta Steel Holdings Limited, which is the parent company of Acenta Steel Group Limited, for a consideration of £23 1m The newly incorporated company is controlled by T Singh

Directors

The following directors have held office during the period and unless otherwise stated, up to the date of signing the financial statements were as follows

T Singh

C S Mills

J L Withers

Financial risk management

The company's operations expose it to a number of financial risks that include liquidity risk and interest rate and cash flow risk The company has in place a risk management policy that includes the principle of minimising finance costs from short term borrowings via the monitoring of cash balances and loan balances

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department as required

Financial risk management (continued)

Liquidity risk

The company's liquidity requirement for day to day operating expenses are, and are expected to continue to be, funded by cash provided by other group company operations As such, liquidity risk is managed at a group level by the Acenta Steel Holdings Limited board

Interest rate and cash flow risk

The company has both interest and non-interest bearing liabilities Substantially all of the company's indebtedness relates to non-interest bearing inter-group loans and loan notes issued by the group's majority shareholder Management attempts to reduce the financial risks associated with fluctuations in interest rates through the fixing the interest rate for the periods under such agreements

Dividend

The directors do not recommend the payment of a dividend during the year (2011 £nil)

Directors' responsibilities statement

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

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

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

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved the following applies

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the board of directors and signed on behalf of the Board

T Singh
Director
22 March 2013

Acenta Steel Group Limited

Independent auditors' report to the members of Acenta Steel Group Limited

We have audited the financial statements of Acenta Steel Group Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Deficit, the Balance Sheet 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)

Respective responsibilities of directors and auditors
As explained more fully in the directors' responsibilities statement set out on page 3 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, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 and financial statements to identify material inconsistencies with the audited financial statements 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 December 2012 and of its loss for the period 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Acenta Steel Group Limited (continued)

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

Neil Philpott (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
22 March 2013

Acenta Steel Group Limited

Profit and loss account
for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Interest payable and similar charges	3	**(615)**	(683)
Loss on ordinary activities before taxation		**(615)**	(683)
Tax on loss on ordinary activities	4	**-**	-
Loss for the financial period	9	**(615)**	(683)

Total gains and losses are included in the profit and loss account and therefore no separate statement of recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period and their historical cost equivalents

All results are derived from continuing operations

Acenta Steel Group Limited

Reconciliation of movements in shareholders' deficit for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Loss for the financial period representing net change in shareholder's deficit	9	**(615)**	(683)
Opening shareholders' deficit		**(683)**	-
Closing shareholders' deficit		**(1,298)**	(683)

The notes on pages 10 to 16 form an integral part of these financial statements

Acenta Steel Group Limited

Balance sheet
as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	5	**8,756**	8,756
Current Assets		**-**	-
Creditors amounts falling due within one year	6	**(10,011)**	(7,886)
Net current liabilities		**(10,011)**	(7,886)
Total assets less current liabilities		**(1,255)**	870
Creditors amounts falling due after more than one year	7	**(43)**	(1,553)
Net liabilities		**(1,298)**	(683)
Capital and reserves			
Called up share capital	8	**-**	-
Profit and loss account	9	**(1,298)**	(683)
Total shareholders' deficit		**(1,298)**	(683)

These financial statements on pages 7 to 16 were approved by the Board of directors on 22 March 2013 and signed on their behalf by

C S Mills
Director

Acenta Steel Group Limited

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom

Group financial statements

The company is a wholly owned subsidiary of Acenta Steel Holdings Limited and as such, its results and those of its subsidiaries are consolidated in the financial statements of Acenta Steel Holdings Limited, a company registered in the United Kingdom As permitted, under section 400 of the Companies Act 2006, no consolidated financial statements have therefore been prepared

Going concern

The financial statements have been prepared on the going concern basis, which assumes that for the foreseeable future the company will continue to be able to realise its assets and meet its liabilities as they fall due

On the 6th January 2011, the company entered into a loan note agreement with the majority shareholders of its ultimate parent undertaking to finance the acquisition of Acenta Steel Limited (formerly Niagara LaSalle (UK) Limited) The loan facility was up to £2,530,000 and the loan is repayable in full in 2014 at a redemption premium of 30% The interest is applied at a fixed rate of 11% During the year the company made repayments of the loan capital leaving an unpaid balance of £45,000 at the year end

The directors are confident that any funding required could be readily available under these agreements The company has full financial support and has received confirmation of support from its fellow subsidiary company, Acenta Steel Limited As a result, they believe that it is appropriate to prepare the financial statements on the going concern basis

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Acenta Steel Holdings Limited, and is included in the consolidated financial statements of that company, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment in value The directors consider that the value of fixed assets investments is not impaired below the value shown in the balance sheet as at 31 December 2012

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Principal accounting policies (continued)

Deferred taxation

A deferred tax balance is recognised in respect of all timing differences that have been originated but not reversed by the balance sheet date, provided that the recognition of a deferred tax asset is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax is measured on a non-discounted basis using rates of tax that would apply when the timing differences are expected to reverse and based on rates that have been enacted or substantively enacted by the balance sheet date

Related Party Transactions

The company has taken advantage, as a wholly owned subsidiary, of the exemption offered in Financial Reporting Standard Number 8 (Related Party Disclosures) from disclosing transactions with other wholly owned subsidiaries

Borrowing costs

Finance charges, including costs wholly attributable to debt issue are accounted for on an accruals basis in the profit and loss account using the effective interest method in accordance with FRS 4

2 Operating loss

The monthly average number of employees (including directors) during the period was as follows

	2012	2011
	Number	Number
Management	**3**	3

No emoluments were paid to the directors for their services as director to this company These costs were borne by Acenta Steel Holdings Limited, the ultimate parent undertakings and disclosed in the consolidated financial statements of the group No recharge was made to the company from Acenta Steel Holdings Limited in respect of directors' emoluments

The auditors' remuneration is borne by Acenta Steel Limited, a fellow subsidiary undertaking During the period, £37,200 (2011 £37,000) was paid to the auditor in respect of their services as auditors of the group and £10,800 (2011 £17,000) in respect of other services rendered to the group No recharges were made to the company in respect of remuneration to auditors

3 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest on loan notes (note 7)	**473**	574
Amortisation of debt issue costs	**142**	109
	615	683

4 Tax on loss on ordinary activities

There were no current tax or deferred tax charges / (credits) on the loss on ordinary activities in the period

The effective rate of UK corporation tax for 2012 is 24 5% (2011 26 5%) This reflects the change to the standard rate of UK corporation tax from 26% to 24% which became effective 1 April 2012

The actual tax credit for the current period is lower than the standard rate for the reasons set out in the following reconciliation

	2012	2011
	£'000	£'000
Loss on ordinary activities before tax	**(615)**	(683)
Loss on ordinary activities at the standard rate of corporation tax of 24 5% (2011 26%)	**(151)**	(181)
Effects of		
Group relief surrendered	**151**	181
Current tax charge for the period	**-**	-

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantively enacted on 26 March 2012 and was effective from 1 April 2012, and to 23%, which was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been remeasured

A further reduction to the UK corporation tax rate has been announced The change proposes to reduce the rate to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015 The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements

5 Fixed assets investments

	Investments in subsidiary undertakings
Cost and Net Book Value	**£'000**
At 1 January 2012 and 31 December 2012	**8,756**

5 Fixed assets investments (continued)

The investment represents 100% of the ordinary share capital of the subsidiaries detailed below

Name	Country of incorporation or registration and operation	Principal activity	Proportion of ordinary shares held by company
Acenta Steel Limited	England & Wales	Manufacture & distribution of steel	100%
Acenta Property Limited	England & Wales	Property investment	100%

The directors believe that the carrying value of the investments is supported by their underlying net assets The reporting period end of the subsidiary undertakings is co terminus with the company

6 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Amount owed to group undertakings	**9,987**	7,343
Loan notes	**22**	532
Accruals and deferred income	**2**	11
	10,011	7,886

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

Loan notes are secured (see note 7)

7 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Loan notes	**43**	1,553

On the 6 January 2011, the company entered into a loan note agreement with the majority shareholders of its ultimate parent undertaking to finance the acquisition of Acenta Steel Limited (formerly Niagara LaSalle (UK) Limited) The loan notes are repayable in full in 2014 at a redemption premium of 30% The interest is applied at a fixed rate of 11% The balance outstanding on the loan notes at 31 December 2012 amounted to £43,000 (2011 £1,898,000) (see note 11)

As at the end of 31 December 2012, an amount of £20,000 (2011 £329,000) was accrued in relation to the redemption premium and all deferred issue costs had been fully amortised leaving a balance off £nil (2011 £142,000) not amortised

Maturity of borrowings

	2012 £'000	2011 £'000
Loan notes		
Amount repayable		
In one year or less on demand	**22**	532
Between one and two years	**43**	1,553
	65	2,085

8 Called up share capital

	Alloted and Fully paid 2012 £	Alloted and Fully paid 2011 £
Ordinary shares of £1 each	**1**	1

9 Profit and loss accounts

	2012
	£'000
Balance at 1 January 2012	(683)
Loss for the period	**(615)**
Balance at 31 December 2012	**(1,298)**

10 Contingencies

The company is party to a composite guarantee and debenture with its fellow subsidiary, its parent undertakings and Endless LLP

11 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standards Number 8 (Related Party Disclosures) not to disclose details of transactions with group undertakings of which 100% of that company's voting rights are controlled within the group

Loans from related parties

The following balances were owed by the company at the period end

	2012	2011
	£'000	£'000
Endless Fund IIA LP (see note 12)	-	1,495
Endless Fund IIB LP (see note 12)	-	335
Director loan	**59**	68
Balance at 31 December 2011	**59**	1,898

See note 7 for details on the loan terms, interest rates, repayment details and security held

12 Parent company and controlling party

The immediate and ultimate parent undertaking is Acenta Steel Holdings Limited, a company incorporated in England and Wales

The controlling party of Acenta Steel Holdings Limited is Endless Fund IIA LP and Endless Fund IIB LP who jointly owned 54% of its share capital

Acenta Steel Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2012 The consolidated financial statements of the largest group are available from the Companies House and the registered address of the company

13 Subsequent Event

Acenta Steel Realisations Limited was incorporated on 28 February 2013 Subsequently, on 7 March 2013, it acquired the entire ordinary share capital of Acenta Steel Holdings Limited, which is the parent company of Acenta Steel Group Limited, for a consideration of £23 1m The newly incorporated company is controlled by T Singh