

## Acenta Steel Holdings Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 8424637



# **Acenta Steel Holdings Limited**

## **Report and financial statements for the year ended 31 December 2014**

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### **Directors**

T Singh  
C S Mills  
J L Withers

### **Secretary and registered office**

J L Withers, Planetary Road, Willenhall, West Midlands, WV13 3SW

### **Company number**

8424637

### **Auditors**

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

# **Acenta Steel Holdings Limited**

## **Strategic report for the year ended 31 December 2014**

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2014

### **Principal activities**

The company's principal activity is to act as a holding company for the Acenta Steel group, whose principal activities are to manufacture and distribute hot rolled, cold finished and turned and polished steel bars to the domestic and international market

The company was incorporated as Acenta Steel Realisation Limited on 28 February 2013. Subsequently on 7 March 2013 it acquired the entire share capital of Acenta Steel Holdings Limited (now called Acenta Steel Realisation Limited). The company was re-named Acenta Steel Holdings Limited on 7 March 2013. The newly incorporated company is controlled by T Singh.

The Acenta Steel group is structured into four principal divisions which are Hot Rolled, Bright Bar, Distribution and Steel Services. The two former divisions are processors of engineering steel bars which inter trade with each other and ultimately integrate with Distribution. The latter division then offers the sales channels to the end customer via its stockholding depots. In addition the trading Steel Services division buys and sells both engineering and general steels via its import supply chain and into the domestic market. The vertical integration structure provides significant value and flexibility to the business model. In addition to inter trading, 50% of turnover is also exported.

### **Results and business review**

The results for the 12 month period ended 31 December 2014 provided turnover of £71.8 million, operating profit of £1.6 million and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of £3.3 million. During the period steel prices remained subdued with downward pressure particularly evident in the second half of the year. In addition the \$ weakened significantly against the £. Both macro factors had a downward impact both on the top and bottom line performance. However volumes across the divisions remained only marginally lower than historic levels and despite the fall in prices and Fx impact, gross margins and EBITDA results were maintained.

The newly integrated Microsoft Navision platform was successfully rolled out to the Distribution division with a bespoke module to cater for the steel stock holding business. This platform is now integrated with the Bright Bar division which will aid in the transparency and ultimate reduction in their respective stock levels. It will also provide a more robust disaster recovery plan with more redundancy in place than the previous legacy system. A final migration for the Hot Rolled division to the new Microsoft platform is the next strategic goal for the Group which will finalise this new IT infrastructure strategic initiative.

### **Hot Rolled**

The division continued to operate the 10" and 14" Mill with the ability to fluctuate shifts dependent on demand levels. Demand was stable when compared with 2014, with growth seen toward automotive business at the expense of suppressed sectors such as mining and excavation. Some pressure on margins from US exchange rate movements and a relative increased mix towards 10" Mill size range. The business mix continues to be diversified in terms of geography and products with North West Europe and North America continuing to be the key focus.

The supply base for billet purchases was diversified, with progress being made on quality improvement projects in cooperation with chosen suppliers for enhancing the group position in differentiated squares and flats products. Low carbon high strength steel was developed and commercialised this year. This provides improved weight saving and performance benefit into automotive, construction, mechanical engineering, mining excavating, and crane production sectors.

### **Bright Bar**

We saw a marked improvement in our order bookings during 2014, primarily as a result of increased sales to our export markets. Our total despatches during 2014 showed a significant improvement compared to 2013, again mainly as a result of increased export business to our USA and European markets.

# **Acenta Steel Holdings Limited**

## **Strategic report for the year ended 31 December 2014 (continued)**

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### **Results and business review (continued)**

The UK market remains fairly static, with cheap imports continuing to put downward pressure on market prices, aided by the ever weakening Euro. Exports accounted for 48% of our total sales during 2014, increasing from 40% in 2013.

#### **Distribution**

The division maintained its position as the leading distributor in UK focused on Bright and Black Engineering Steel bar. A major development of introducing a new IT platform into the business was completed. The system went live at the beginning of the year and provides improved security, improved management information and full integration with upstream business through the shared platform.

Reduced sales by 7% compared with 2013 was in part due to the operational effect of the new system introduction in the first quarter, and a weaker demand in the last quarter as the market entered a deflationary phase on steel prices.

The strategic investment in cutting facilities is paying off and we believe our cutting capability and in house fleet offer a service that provides market leading solutions to an extensive range of customers.

#### **Acenta Services**

This was a newly formed division which we have now firmly established within engineering and general steel markets as a reliable, quality, competitive source. Supply chain is now well established with a comprehensive range of Stock available at short notice. This is providing a regular, dependable source of supply to the market. In addition the personnel recruited bring with them a market expertise and experience in steel industry providing a recognised presence within market.

### **Non- financial risks and uncertainties**

The key risks affecting the business are

#### **Securing revenues and competition**

The retention of current customers and the ability to secure new work is a cornerstone of the success of the business. The group philosophy is to invest in long term relationships which is reflected in the success of our top customers both domestically and in the export market. In addition by maintaining focus on costs, efficiency and continuous improvement we offer solutions tailored to our customers' needs and enable the group to stay ahead of the competition.

#### **Quality performance**

The niche products that we deliver provide significant technical challenges to ensure the steel bars can be delivered to meet the high standards demanded by our customers' for their applications. This allows them to machine with confidence of no defects and delivers end product into their markets. Acenta achieves this through experienced staff, rigorous processes, and continuous improvement via on-going corrective actions derived from our quality workshops.

#### **Major safety Incident**

A major safety incident is likely to have a significant impact in terms of reputation, ability to win new business and safe working environment for our people. The group has rigorous health and safety policies and procedures which are supported by regular site surveys conducted by independent consultants coupled with sophisticated training programmes. Incidents are investigated thoroughly and corrective action is implemented with urgency. Due to the importance of this risk the group has delegated responsibility to a Health and Safety sub committee of the board of directors which meets at least 3 times a year. This is controlled by the group's Health and Safety Manager and chaired by the Chief Executive. In addition each site has its own Health & Safety Committee which meets bi-monthly and includes representatives from the various departments within the factory and offices.

# Acenta Steel Holdings Limited

Strategic report  
for the year ended 31 December 2014 (*continued*)

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## Key performance indicators ("KPIs") (*continued*)

### Key performance indicators ("KPIs")

The group's key financial performance indicators are driven mainly by the ongoing trading performance of the subsidiary Acenta Steel Limited

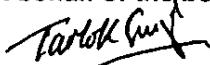
**Number of employees** The average number of employees remained fairly stable at 339 heads of which 238 are production and 101 are staff based

**Net borrowings** Total net borrowings including loans from shareholders and closed the period at £12.2m.

The group is managed through the use of extensive KPI's at both a business and operational level with review on a daily basis and culminating in monthly divisional reviews, chaired by the Chief Executive. The following are a list of the key KPI's in use during 2014

- **Sales Tonnes per Day** – This measures the gross volumes per working day in comparison with the forecast. It acts as a key activity to monitor sales activity during the reporting period
- **Gross Margin per Day** – This measures the material margin after deducting carriage, stock adjustments and commission as an average across all sales tonnes. Similar to above this is tracked daily across all three divisions and compared against expected forecast. This again provides a solid control on profitability and the performance of the commercial function
- **Customer Complaints** – this is a register of customer complaints which tracks reason, root cause and corrective actions. It is reviewed in our quality forum each week by a cross functional team to ensure both the action is closed down and lessons learnt are driven internally
- **Master Critical Performance** – this is a daily review of the status of all customer orders released to production split between key stages of the production process culminating in output to finished goods. It ensures a daily reconciliation of Work In Progress (WIP) ensuring stock accuracy and the expediting of the order to drive on time delivery
- **Aged Customer orders in Arrears** this is a key on time delivery measure for the Distribution division measuring by depot the aged arrears against customer promise date. It ensures a focus on progressing all orders in strict due date sequence in this high volume division
- **Costs per tonne** – all cost categories (Labour, Manufacturing Overhead, Selling Costs and General and Administration costs) are measured on a per tonne basis and compared to prior year, budget and a rolling forecast. This variance analysis each month is conducted at divisional level and ensures a robust control of all cost structures
- **Reportable Incidents and Near Misses** – this is a critical Health and Safety metric which is reviewed both real time and at the monthly divisional and Board meetings. It ensures that all accidents and near misses are reported and root cause and corrective actions are addressed with urgency to ensure risk within the working environment is minimised
- **Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)** – this provides the underlying cash generative trading performance of the group and is reviewed on a monthly basis at Board level against forecast and budget targets

On behalf of the board



T Singh  
Director

24 April 2015

# **Acenta Steel Holdings Limited**

## **Report of the directors for the year ended 31 December 2014**

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The directors present their report together with the audited financial statements for the year ended 31 December 2014

### **Results and dividends**

The profit and loss account is set out on page 11 and shows the profit for the year

### **Future developments**

Within Hot Rolled there is continued development of our differentiated products range where we are well placed to take advantage of any improvement in market demand including through near to net shape, high strength steels, quality improvement, and potential for growth through further international expansion and identification of new niche opportunities. This division will also contribute further to improving group performance through co-operation with downstream businesses in the areas of systems development, product quality, service and working capital.

Within Bright Bar we have started the year strongly and are looking to continue to expand our supplies of higher value added products with less reliance on commodity items. We continue to look to increase our sales of higher added value niche products. We are looking to develop more end user business across all of our markets and to expand the sale of our products into new global markets. In exports we continue to develop end user business and we forecast further growth in these markets. Clearly for the export business the current strength of Sterling will remain a factor however despite this we have experienced a healthy export activity year to date.

As the IT system is now fully embedded, working practices will continue to develop to leverage this platform. This will allow the business to deliver best-in-class service and inventory management for its customers and suppliers.

The Distribution business will further develop capability to serve key end user customers and market sectors in cooperation with its upstream businesses, providing product and supply chain value to its customers with class leading range and service.

Acenta Steel Services will continue to expand our supply base and increase the inter trading within group yielding further benefits from our vertical integration model. Development of the product range into new markets with products sourced worldwide will continue. The division will contribute to improving Group performance with combined resources and synergies to maximise potential / opportunities. It will also build partnerships with new Suppliers and Customers and increasing lines of supply aligned to specific markets.

### **Post balance sheet events**

There were no events of significance in the post balance sheet period.

### **Dividends**

As part of an exercise to clear down certain intergroup loans, Acenta Steel Limited declared dividends of £9,060,000 during the year to its intermediate parent entity Acenta Steel Group Limited, which were settled via intergroup loan accounts. Dividends in specie between parent entities of loan balances of £7,750,000 were also made as part of this process with the effect that prior year loan amounts due to Acenta Steel Limited from the Company of £7,750,000 were settled. No dividends have been declared or paid by the Company.

# **Acenta Steel Holdings Limited**

## **Report of the directors for the year ended 31 December 2014 (continued)**

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### **Financial risk management**

The group's operations expose it to a number of financial risks that include price risk, credit risk, exchange rate risk, liquidity risk and interest rate and cash flow risk. The group 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 working capital requirements.

Given the size of the group, 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 group's finance and commercial department as required.

### **Price risk**

The price of steel fluctuates, primarily due to competitor activity, changes in the cost of the raw materials and also demand. The group manages the risk by remaining alert and flexible to the changes in the price, up or down, and has a very successful track record in passing on increases to customers when required and securing reductions from suppliers when prices move down. In addition the group keeps stock levels under constant review to ensure the optimum levels are procured to minimise the risk. Finally price risk is mitigated by the vertical integration structure that the group enjoys, which enables it to trade stock through the chain, particularly in time of low demand.

### **Credit risk**

The group monitors its exposure for customer credit risk and maintains allowances for anticipated losses after giving consideration to current delinquency data, historical loss experience and economic conditions affecting its customers. In addition the group has credit insurance in place with Euler Hermes UK plc for substantially all of its trade debtors to further reduce its credit risk. Generally these insurance policies provide for payments to the group of 90% of the unpaid invoiced amounts. A combination of continuous review by management of customer data and credit insurance information and alerts via our insurance broker, AON UK, on financial conditions of both the market and customers provides sufficient control to cover this risk.

### **Exchange rate risk**

The group engages Royal Bank of Scotland to assist with their foreign exchange hedging policy which saw it enter into forward contracts (to sell dollars and euro currency) on a rolling 12 month basis. The continued weakness of the Dollar during the period resulted in some limited trades being executed to minimise the risk for our export business. The instability of the Euro combined with our sourcing strategy to naturally hedge meant no Euro contracts have been or are likely to be considered more favourable than spot buys.

### **Liquidity risk**

The group's liquidity requirement for day to day operating expenses are, and are expected to continue to be, funded by cash provided by operations and advances under its secured revolving credit agreement with General Electric Leveraged Loan Ltd ("GE"). The facility with GE consists of £16 million in advance of the sales ledger and £5 million based on stock assets and provides the group with significant headroom in addressing this risk. Substantially all of the group's secured indebtedness matures on the 5 March 2017. The group has been historically successful in extending the maturity dates of these revolving obligations and will be in a very strong position to do so again during this next financial period.

### **Interest rate and cash flow risk**

Substantially all of the group's non trade indebtedness relates to the credit and inventory agreement referred above. Management attempts to reduce the financial risks associated with fluctuations in interest rates through the selection of LIBOR periods under such agreements.

# **Acenta Steel Holdings Limited**

## **Report of the directors for the year ended 31 December 2014 (continued)**

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### **Employees**

The group has well established communication and consultation procedures with all employee groups. These continually evolve to meet the changing needs of the business and are considered by both management and staff to be adequate. In addition both manufacturing divisions are union represented and the group enjoys excellent relationships with all union representatives.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability. This is reflected in our equal opportunities and diversity policy within our Employee Handbook which is issued to all employees.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through regular briefing groups.

### **Health and Safety**

The group employs a Group Health & Safety and Environmental Manager who is responsible for the adherence and compliance with the company's policies. A monthly review process is in place at a divisional level and in addition there are Group level reviews which are chaired by the Chief Executive Officer. Site specific meetings are also held and are chaired by the local Operations Managers and Safety Handbooks are issued to employees to help in both training and enforcement of these policies. A Group Health and Safety Policy and a Group Environmental Policy are in place. A summary of all reportable and non-reportable incidents are issued for Board review every month and each accident is fully investigated and root cause analysis and appropriate remedial actions. The Group also employs Health & Safety and Environmental consultants, Safety Management Limited, who provide independent advice and carry out surveys to highlight areas for improvement. The report categories issues highlighted in priority order and management develop plans to address and take corrective action. The Group also employs MOHS Limited to provide occupational health support facilities. Monthly site visits by MOHS to provide occupational health services are in place.

During 2013 the Group Health and Safety Manual and the Hot Rolled employee handbook were fully revised and rolled out whilst the standard operating procedures and risk assessments are maintained across all divisions.



# **Acenta Steel Holdings Limited**

## **Report of the directors for the year ended 31 December 2014 (*continued*)**

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### **Corporate Social Responsibility**

The group employs a Group Health & Safety and Environmental Manager who is responsible for the adherence and compliance with the company's policies. A strict review process is in place at a divisional level on a monthly basis and also at a Group level on a quarterly basis. The latter review is chaired by the Chief Executive Officer and attended by the Chief Financial Officer. Site specific meetings are also held chaired by the local Operations Managers. During 2014 the Hot Roll and Bright Bar divisions were able to take advantage of a MIN MET ruling which allowed Acenta to be exempt from the Climate Change Agreement and the associated levies. Acenta still remains a member of the EU Emissions Trading Schemes which is subject to external audits by the Environment Agency.

In addition Government established ESOS to implement Article 8 (4-6) of the EU Energy Efficiency Directive (2012/27/EU). The ESOS Regulations 2014 give effect to the scheme. ESOS is a mandatory energy assessment scheme for organisations in the UK and Acenta has plans already in place to comply fully with these regulations during 2015. The Environment Agency is the UK scheme administrator.

In addition the Hot Rolled Division is subject to section 2 of the Pollution Prevention and Control Act 1999 which set out a pollution control regime for the purpose of implementing the Integrated Pollution Prevention and Control Directive. These are embodied in a site specific PPC permit issued and audited by the EA and contains conditions which must be adhered to. Compliance is ensured by means of a local EMS (Environmental Management System). This ensures that the company meets all aspects of the Permit including monitoring and performance reviews and with the setting of improvement targets developed at site level and approved at Group level.

During 2013 the Hot Rolled Division was awarded the BSI ISO 14001 accreditation thus ensuring that the EMS is robust and audited both internally and externally.

### **Policy and practice on payment of creditors**

The group aims to pay suppliers promptly in accordance with their terms and conditions, which vary considerably. The average number of days taken to pay suppliers was 83 days during 2014 and was 88 days at period end.

### **Directors**

The directors of the company during the year were

T Singh  
C S Mills  
J L Withers

### **Directors' qualifying third-party and pension scheme indemnity provisions**

The group maintains indemnity insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the current financial period and is currently in force.

# Acenta Steel Holdings Limited

## Report of the directors for the year ended 31 December 2014 (*continued*)

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### Directors' responsibilities

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 group and company 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 group and company and of the profit or loss of the group 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the board

T Singh



Director

24 April 2015

# **Acenta Steel Holdings Limited**

## **Independent auditor's report**

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### **To the members of Acenta Steel Holdings Limited**

We have audited the financial statements of Acenta Steel Holdings Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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).

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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's 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 matters 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.

# Acenta Steel Holdings Limited

## Independent auditor's report (*continued*)

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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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

BDO LLP

Stephen Hale (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

24 April 2015

# Acenta Steel Holdings Limited

## Consolidated profit and loss account for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
<b>Turnover</b>	2	71,779	52,187
Increase/(Decrease) in stocks of finished goods and work in progress		1,704	(853)
		<u>73,483</u>	<u>51,334</u>
Raw materials and consumables		46,525	29,121
Other external charges		13,442	11,202
Staff costs		10,507	8,087
Depreciation of tangible fixed assets		1,418	964
		<u>71,892</u>	<u>50,374</u>
<b>Operating profit</b>	3	1,591	1,960
Interest payable and similar charges	6	(559)	(382)
		<u>1,032</u>	<u>1,578</u>
<b>Profit on ordinary activities before taxation</b>		1,032	1,578
Taxation on profit on ordinary activities	7	392	723
		<u>640</u>	<u>855</u>
<b>Profit on ordinary activities after taxation</b>		640	855

All amounts relate to continuing activities

All recognised gains and losses in the current year and prior period are included in the profit and loss account

The notes on pages 15 to 31 form part of these financial statements.

# Acenta Steel Holdings Limited

## Consolidated balance sheet at 31 December 2014

**Company number 8424637**

	Note	31 December 2014 £'000	31 December 2014 £'000	31 December 2013 £'000	31 December 2013 £'000
<b>Fixed assets</b>					
Intangible assets	9		4,879		5,150
Tangible assets	10		10,451		11,348
			<u>15,330</u>		<u>16,498</u>
<b>Current assets</b>					
Stocks	12	14,081		12,546	
Debtors	13	13,257		10,554	
Cash at bank and in hand		536		151	
		<u>27,874</u>		<u>23,251</u>	
<b>Creditors: amounts falling due within one year</b>	14	19,035		21,808	
		<u></u>		<u></u>	
<b>Net current assets</b>			8,839		1,443
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			24,169		17,941
<b>Creditors: amounts falling due after more than one year</b>	15	11,755		6,239	
<b>Provisions for liabilities</b>	16	304		232	
		<u></u>		<u></u>	
			12,059		6,471
			<u>12,110</u>		<u>11,470</u>
<b>Capital and reserves</b>					
Called up share capital	18		1		1
Share premium account	19		10,614		10,614
Profit and loss account	19		1,495		855
			<u>12,110</u>		<u>11,470</u>
<b>Shareholders' funds</b>	20		12,110		11,470
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on

24 April 2015

C S Mills  
Director



The notes on pages 15 to 31 form part of these financial statements

# Acenta Steel Holdings Limited

## Company balance sheet at 31 December 2014

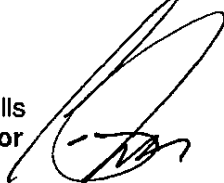
**Company number 8424637**

	Note	31 December 2014 £'000	31 December 2014 £'000	31 December 2013 £'000	31 December 2013 £'000
<b>Fixed assets</b>					
Fixed asset investments	11		15,453		23,203
<b>Current assets</b>					
Debtors	13	97		-	
<b>Creditors: amounts falling due within one year</b>	14	<u>4,332</u>		<u>12,108</u>	
<b>Net current liabilities</b>			<u>(4,235)</u>		<u>(12,108)</u>
<b>Total assets less current liabilities</b>			<b>11,218</b>		<b>11,095</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>500</u>		<u>500</u>
			<u><b>10,718</b></u>		<u><b>10,595</b></u>
<b>Capital and reserves</b>					
Called up share capital	18		<b>1</b>		<b>1</b>
Share premium account	19		<b>10,614</b>		<b>10,614</b>
Profit and loss account	19		<b>103</b>		<b>(20)</b>
<b>Shareholders' funds</b>	20		<u><b>10,718</b></u>		<u><b>10,595</b></u>

The financial statements were approved by the board of directors and authorised for issue on

*24 April 2015*

C S Mills  
Director



The notes on pages 15 to 31 form part of these financial statements

# Acenta Steel Holdings Limited

## Consolidated cashflow statement for the year ended 31 December 2014

		Year ended 31 December 2014 £'000	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000	10 months ended 31 December 2013 £'000
	Note				
<b>Net cash (outflow)/inflow from operating activities</b>	26		(1,581)		8,519
<b>Returns on investments and servicing of finance</b>					
Interest paid bank loans		(565)		-	
Interest paid other loans		(56)		(224)	
Issue costs of new borrowings		-		(111)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(621)		(335)
<b>Taxation</b>					
Corporation tax paid			(575)		(429)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(522)		(5,834)	
Receipts from sale of tangible fixed assets		15		1,969	
<b>Net cash outflow from capital expenditure and financial investment</b>			(507)		(3,865)
<b>Acquisitions and disposals</b>					
Purchase of subsidiary undertaking		-		(10,269)	
Net cash acquired		-		325	
<b>Net cash outflow from acquisitions and disposals</b>			-		(9,944)
<b>Cash outflow before use of financing</b>			(3,284)		(6,054)
<b>Financing</b>					
Share capital issued		-		1	
New loans		5,963		6,269	
Loans repaid		(477)		-	
Capital element of finance leases repaid		(2)		-	
Repayment of loan notes		(1,815)		(65)	
<b>Net cash inflow from financing</b>			3,669		6,205
<b>Increase in cash</b>	27		385		151

The notes on pages 15 to 31 form part of these financial statements



# Acenta Steel Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2014

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Acenta Steel Holdings Limited and all of its subsidiary undertakings as at 31 December 2014 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition

#### *Goodwill*

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for and freehold land, evenly over their expected useful lives. It is calculated at the following rates

Freehold property	- 13 years
Plant and machinery	- 3 - 10 years
Fixtures and fittings	- 3 - 10 years

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

#### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

# Acenta Steel Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

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### 1 Accounting policies (continued)

#### *Financial instruments*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividend and distributions relating to equity instruments are debited directly to equity.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Related party disclosures*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

#### *Provisions*

The group makes provision for its best estimate of the cost of reinstating its leased properties to their take-on condition as required under the terms of the individual leases. The group also provides for future lease obligations on leased properties, either to the end of the lease or for such a period as the group believes the property will remain vacant.

Provisions are not discounted unless material.

# Acenta Steel Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

### 1 Accounting policies (*continued*)

#### *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

#### *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they became payable

### 2 Turnover, profit and net assets

Turnover is wholly attributable to the principal activity of the group

The analysis of turnover by geographical market required by paragraph 68 of Schedule 1 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the group

### 3 Operating profit

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,418	964
Amortisation of positive goodwill	271	267
Hire of plant and machinery - operating leases	204	133
Hire of other assets - operating leases	413	624
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	5	6
Fees payable to the company's auditor or an associate of the company's auditor for other services		
- the audit of the company's subsidiaries	25	39
- taxation compliance services	5	13
- other non-audit services	12	-
Profit on disposal of tangible fixed assets	(15)	(137)

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 4 Employees

Staff costs (including directors) consist of:

	Group Year ended 31 December 2014 £'000	Group 10 months ended 31 December 2013 £'000
Wages and salaries	9,224	7,105
Social security costs	922	707
Other pension costs	361	275
	<u>10,507</u>	<u>8,087</u>

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

	Group Year ended 31 December 2014 Number	Group 10 months ended 31 December 2013 Number
Production	238	240
Non-Production	101	102
	<u>339</u>	<u>342</u>

## 5 Directors' remuneration

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
Directors' emoluments	538	458
Company contributions to money purchase pension schemes	24	57
	<u>562</u>	<u>515</u>

There were 3 directors in the group's defined contribution pension scheme during the year (2013 - 3)

The total amount payable to the highest paid director in respect of emoluments was £258,000 (2013 - £256,000) Company pension contributions of £4,000 (2013 - £19,000) were made to a money purchase scheme on their behalf

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 6 Interest payable and similar charges

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
Bank loans and overdrafts	471	218
Interest on loan notes	56	143
Amortisation of debt issue costs	32	21
	<u>559</u>	<u>382</u>

## 7 Taxation on profit on ordinary activities

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year/period	341	421
Adjustment in respect of previous periods	(21)	-
	<u>320</u>	<u>421</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	52	46
Adjustment in respect of previous periods	20	-
Change in tax rate	-	256
	<u>72</u>	<u>302</u>
Movement in deferred tax provision	72	302
	<u>392</u>	<u>723</u>
Taxation on profit on ordinary activities	392	723

# Acenta Steel Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2014 *(continued)*

### 7 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year/period is different to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
Profit on ordinary activities before tax	1,032	1,578
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2013 - 23%)	221	367
Effect of		
Expenses not deductible for tax purposes	175	103
Capital allowances for period in excess of depreciation	(32)	(40)
Short term timing differences and other adjustments	(23)	(9)
Adjustment to tax charge in respect of previous periods	(21)	-
Current tax charge for the year/period	320	421

#### *Factors that may affect future tax charges*

The Chancellor's 2014 Budget announced that the UK corporation tax rate will reduce to 20% by 1st April 2015 and will reduce the company's current tax charge accordingly.

### 8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £123,000 (2013 - £20,000 loss) which is dealt with in the financial statements of the parent company.

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 9 Intangible fixed assets

### Group

	Goodwill on consolidation £'000
<i>Cost or valuation</i>	
At 1 January 2014 and 31 December 2014	5,417
	<hr/>
<i>Amortisation</i>	
At 1 January 2014	267
Provided for the year	271
	<hr/>
At 31 December 2014	538
	<hr/>
<i>Net book value</i>	
At 31 December 2014	4,879
	<hr/>
At 31 December 2013	5,150
	<hr/>

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 *(continued)*

## 10 Tangible fixed assets

### Group

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2014	7,321	4,134	704	12,159
Additions	-	489	33	522
Disposals	-	(48)	(115)	(163)
Transfers	-	82	(82)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>7,321</b>	<b>4,657</b>	<b>540</b>	<b>12,518</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2014	207	474	130	811
Provided for the year	483	670	265	1,418
Disposals	-	(48)	(114)	(162)
Transfers	-	70	(70)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>690</b>	<b>1,166</b>	<b>211</b>	<b>2,067</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2014	<b>6,631</b>	<b>3,491</b>	<b>329</b>	<b>10,451</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	<b>7,114</b>	<b>3,660</b>	<b>574</b>	<b>11,348</b>
	<hr/>	<hr/>	<hr/>	<hr/>



# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 11 Fixed asset investments

### Company

	Group undertakings £'000
<i>Cost or valuation</i>	
At 1 January 2014	23,203
Impairment adjustment	(7,750)
	<hr/>
At 31 December 2014	<b>15,453</b>
	<hr/>

As part of an exercise to clear down certain intergroup loans, the Company received dividends during the year of £7,750,000 in the form of a loan receivable from Acenta Steel Limited. The dividend is considered attributable to pre-acquisition profits of subsidiaries and an adjustment has been made to the carrying value of investments by a corresponding amount.

### *Subsidiary undertakings*

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

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
<b>Direct ownership:</b>				
Acenta Steel Realisation Limited	England and Wales	Ordinary shares	100%	Investment holding company
<b>Indirect ownership:</b>				
Acenta Steel Group Limited	England and Wales	Ordinary shares	100%	Investment holding company
Acenta Steel Limited	England and Wales	Ordinary shares	100%	Manufacture and distribution of steel
Acenta Property Limited	England and Wales	Ordinary shares	100%	Property investment

In the opinion of the directors the value of these investments as at 31 December 2014 is not less than the aggregate amount in the balance sheet at that date.

The reporting period end of the subsidiary undertakings is co-terminus with the Company.

All the above subsidiaries are included in the group consolidation.

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 12 Stocks

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Raw materials and consumables	3,733	3,902	-	-
Work in progress	413	529	-	-
Finished goods and goods for resale	9,935	8,115	-	-
	<u>14,081</u>	<u>12,546</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

## 13 Debtors

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Trade debtors	12,838	10,160	-	-
Amounts owed by group undertakings	-	-	97	-
Prepayments and accrued income	419	394	-	-
	<u>13,257</u>	<u>10,554</u>	<u>97</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 14 Creditors: amounts falling due within one year

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Bank and other borrowings	448	2,263	-	1,815
Trade creditors	16,247	17,088	-	-
Amounts owed to group undertakings	-	-	4,297	10,173
Corporation tax	-	255	33	27
Other taxation and social security	978	761	-	-
Obligations under finance lease and hire purchase contracts	3	3	-	-
Other creditors	97	178	2	93
Accruals and deferred income	1,262	1,260	-	-
	<u>19,035</u>	<u>21,808</u>	<u>4,332</u>	<u>12,108</u>

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

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Bank borrowings	3,817	4,262	-	-
Other borrowings	7,432	1,477	-	-
Loan notes	500	500	500	500
Obligations under finance lease and hire purchase contracts	6	-	-	-
	<u>11,755</u>	<u>6,239</u>	<u>500</u>	<u>500</u>

# Acenta Steel Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

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

#### Maturity of debt

	Loans and other borrowings 31 December 2014 £'000	Loans and other borrowings 31 December 2013 £'000
In one year or less, or on demand	451	2,266
In more than one year but not more than two years	7,904	2,399
In more than two years but not more than five years	3,351	3,840
In more than five years	500	-
	<b>11,755</b>	<b>6,239</b>

Included within bank and other borrowings is an outstanding bank loan facility of £4,288,000. The loan is repayable in quarterly instalments of £120,000. The interest rate is 1.9% above LIBOR.

The Bank held a debenture dated 15 August 2013 granted by Acenta Property Limited which includes fixed and floating charge over all the property or undertaking of the company. The company also granted a first legal charge over Planetary Road, Willenhall, West Midlands and its associated assets, Ponthir Road, Caerlon, Newport and its associated assets, 50 Stone Hill Road, Fanworth, Bolton and its associated assets and Blackbrook Road, Dudley, Birmingham and its associated assets.

Included within bank and other borrowings are loan notes of £500,000 due to the majority shareholders. The redemption of the outstanding balance is March 2023. The interest is applied at a rate of 4.5% above the base rate of HSBC Bank plc and is payable quarterly.

Included within other borrowings are advances relating to a secured revolving credit agreement which provides for up to £16m of advances to the group based upon Acenta Steel Limited's eligible secured trade debtors. A further £5m of advances are available to the Group based upon Acenta Steel Limited's eligible secured inventory. The interest rate on the balance of this agreement is calculated at the LIBOR base plus 1.95% for the revolving credit facility secured on trade debtors and LIBOR plus 1.95% for the inventory loan facility. The maturity date of this facility is 7 March 2016.

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 16 Provisions for liabilities

### Group

	Deferred taxation £'000	Dilapidations £'000	Total £'000
At 1 January 2014	49	183	232
Charged to profit and loss account	72	-	72
	<u>121</u>	<u>183</u>	<u>304</u>
At 31 December 2014	<u>121</u>	<u>183</u>	<u>304</u>

### Deferred taxation

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Accelerated capital allowances	145	114	-	-
Sundry timing differences	(24)	(65)	-	-
	<u>121</u>	<u>49</u>	<u>-</u>	<u>-</u>

### Dilapidations provision

Provisions for dilapidation costs have been accrued in respect of operating leasehold property expiring in 2024. This provision is expected to be utilised over the term of the leases

### Deferred tax

All deferred tax liabilities were recognised as at the year ended 31 December 2014

## 17 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £361,000 (2013 - £275,000). Contributions amounting to £50,000 (2013 - £39,000) were payable to the fund and are included in creditors.

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 *(continued)*

## 18 Share capital

	31 December 2014 £'000	31 December 2013 £'000
<i>Allotted, called up and fully paid</i>		
1,000 A Ordinary shares of £1 each	1	1
1,000 B Ordinary shares of £0.01 each	-	-
88 C Ordinary shares of £1 each	-	-
	<u>1</u>	<u>1</u>

## 19 Reserves

### Group

	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	10,614	855
Profit for the year	-	640
	<u>10,614</u>	<u>1,495</u>
At 31 December 2014	<u>10,614</u>	<u>1,495</u>

### Company

	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	10,614	(20)
Profit for the year	-	123
	<u>10,614</u>	<u>103</u>
At 31 December 2014	<u>10,614</u>	<u>103</u>

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (continued)

## 20 Reconciliation of movements in shareholders' funds

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Profit/(loss) for the year/period	640	855	123	(20)
Issue of shares	-	10,615	-	10,615
Net additions to shareholders' funds	640	11,470	123	10,595
Opening shareholders' funds	11,470	-	10,595	-
Closing shareholders' funds	12,110	11,470	10,718	10,595

## 21 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 31 December 2014 £'000	Other 31 December 2014 £'000	Land and buildings 31 December 2013 £'000	Other 31 December 2013 £'000
Operating leases which expire				
Within one year	31	-	-	-
In two to five years	-	234	31	178
After five years	375	-	375	-
	406	234	406	178

The company has no lease commitments

## 22 Other commitments

The Company's wholly owned subsidiaries, Acenta Steel Realisation Limited and Acenta Steel Group Limited, are exempt from the UK requirements for audit of individual financial statements under Section 479A of the Companies Act 2006 in the UK. Under Section 479C of the Companies Act 2006 related to subsidiary companies, the Company has given a statutory guarantee of all the outstanding liabilities of Acenta Steel Realisation Limited and Acenta Steel Group Limited at 31 December 2014. These guarantees have been filed at Companies House

# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (continued)

## 23 Capital commitments

	Group 31 December 2014 £'000	Group 31 December 2013 £'000	Company 31 December 2014 £'000	Company 31 December 2013 £'000
Contracted but not provided for	-	81	-	-

## 24 Related party disclosures

### Loans from related parties

	Interest paid on the loan notes £'000	Amounts owed to related parties 2014 £'000	Other heading 2013 £'000
<b>2014</b>			
Loan notes to shareholders	56	500	-
<b>2013</b>			
Loan notes to shareholders	143	2,315	-

## 25 Ultimate parent company

The company is controlled by T Singh

## 26 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
Operating profit	1,591	1,960
Amortisation of intangible fixed assets	271	267
Depreciation of tangible fixed assets	1,418	964
Profit on sale of tangible fixed assets	(15)	(137)
Increase in stocks	(1,535)	(1,329)
(Increase)/decrease in debtors	(2,703)	3,764
(Decrease)/increase in creditors	(608)	3,030
Net cash (outflow)/inflow from operating activities	(1,581)	8,519



# Acenta Steel Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (continued)

## 27 Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2014 £'000	10 months ended 31 December 2013 £'000
Increase in cash	385	151
Cash outflow from changes in debt	(3,669)	(6,215)
Movement in net debt resulting from cash flows	(3,284)	(6,064)
Amortisation of debt issue costs	(32)	-
Borrowings acquired with subsidiaries	-	(65)
Other non cash changes	-	(2,225)
Movement in net debt	(3,316)	(8,354)
Opening net debt	(8,354)	-
Closing net debt	(11,670)	(8,354)

## 28 Analysis of net debt

	At 1 January 2014 £'000	Cash flow £'000	Other non- cash items £'000	Other non- cash items £'000	At 31 December 2014 £'000
Cash at bank and in hand	151	385	-	-	536
Debt due within one year	(2,263)	2,292	(477)	-	(448)
Debt due after one year	(6,231)	(5,963)	477	(32)	(11,749)
Finance leases	(11)	2	-	-	(9)
		(3,669)			
Total	(8,354)	(3,284)	-	(32)	(11,670)

An amount of £32,000 has been amortised in the period relating to debt issue costs incurred in previous periods. There are £58,000 of unamortised debt costs netted off borrowings as at 31 December 2014