

**Company Registration No. 07842594**

**Stemcor Agency Services Limited**

**Report and Financial Statements  
31 December 2015**



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## **Corporate information**

### **Directors**

Julian Verden  
Michael Broom

### **Auditors**

Ernst & Young LLP  
Statutory Auditor  
1 More London Place  
London  
SE1 2AF

### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

### **Registered Office**

CityPoint  
1 Ropemaker Street  
London EC2Y 9ST

## Strategic report

The directors present their strategic report for the year ended 31 December 2015.

### Review of the business

The Company is a wholly owned subsidiary of Stemcor Global Holdings Limited ("the Group").

The principal activity of the Company is trading in steel products and being the sole UK agent for a European steel mill. There have not been any significant changes in the Company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### Principal Risks and Uncertainties

Stemcor Agency Services Limited's principal risk is that the wider Stemcor Group fails to comply with its covenanted obligations under the terms of its financing agreements. A covenant breach could lead to a default, which in turn could close trade finance funding to the Group.

The operating financial and strategic risks, which affect the Group, are discussed in the Stemcor Global Holdings Limited's Annual Report, which does not form part of this report.



Julian Verden  
Director  
24 August 2016

## **Directors' report**

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

### **Directors of the company**

The current directors are shown on page 3.

### **Share capital**

No additional ordinary shares were issued during the financial year.

### **Indemnities**

The Company has agreed to indemnify its directors in respect of proceedings brought against them by third parties subject to the limitations provided in the Companies Act. Such qualifying third party indemnity provisions were in force during the period and continue to be in force as at the date of this report. The Company has bought directors' and officers' liability insurance in order to minimise the potential impact of any such proceedings.

### **Environment**

The Stemcor Group, which includes the Company, recognises its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities.

### **Tax Status**

In the opinion of the directors the Company is a closed company within the meaning of the Income and Corporation Taxes Act 2010.

### **Results**

The results for the year are set out on page 10.

### **Dividends**

No dividends were paid during the year and no dividend is proposed in relation to 2015.

### **Future developments**

The directors aim to continue the trading strategy of the Group focussing on governance, risk and cost structure, rebuilding the Group's reputation and profitability.

### **Events since the balance sheet date**

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts at 31 December 2015.

## Directors' report

### Going Concern

After having considered the uncertainties disclosed in note 1, the directors believe that the Company has an expectation of managing these risks. Therefore, the directors have prepared the financial statements on a going concern basis.

### Political donations

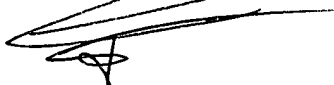
No political donations were made during the year.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.



Julian Verden  
Director

24 August 2016

## **Directors' responsibility statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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 confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

## **Independent auditor's report to the members of Stemcor Agency Services Limited**

We have audited the financial statements of Stemcor Agency Services Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Directors' Responsibilities Statement set out on page 7, 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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## **Independent auditor's report to the members of Stemcor Agency Services 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:

- proper accounting records have not been kept, or proper 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.

*Ernst & Young LLP*

William Binns (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP (Statutory Auditor)  
London, United Kingdom

26 August 2016

## Income statement

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>		228	247
Cost of sales		(12)	(11)
Gross profit		216	236
Administrative expenses		(363)	(365)
<b>Operating loss</b>	2	(147)	(129)
Interest payable and similar charges	4	(26)	(9)
<b>Loss on ordinary activities before taxation</b>		(173)	(138)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>		(173)	(138)

The results above are derived solely from continuing operations.

## Statement of comprehensive income

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Loss for the year	(173)	(138)
Other comprehensive loss for the year	-	-
<b>Total comprehensive loss for the year</b>	(173)	(138)

## Statement of changes in equity

For the year ended 31 December 2015

	Share capital £'000	Profit & Loss Account £'000	Total shareholder deficit £'000
At 1 January 2014	-	(251)	(251)
Loss for the year	-	(138)	(138)
At 31 December 2014	-	(389)	(389)
Loss for the year	-	(173)	(173)
At 31 December 2015	-	(562)	(562)

The accompanying Notes are an integral part of the annual accounts.

## Statement of financial position

At 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>	6	1	-
<b>Current assets</b>			
Debtors: Amounts falling due within one year	7	96	121
Cash at bank and in hand		71	31
		<u>167</u>	<u>152</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(730)</u>	<u>(541)</u>
<b>Net current liabilities</b>		(563)	(389)
<b>Net liabilities</b>		<u>(562)</u>	<u>(389)</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>(562)</u>	<u>(389)</u>
<b>Shareholders' deficit</b>		<u>(562)</u>	<u>(389)</u>

The accompanying Notes are an integral part of the annual accounts.

The financial statements of Stemcor Agency Services Limited (registered number 07842594) were approved by the board of directors and authorised for issue on ~~24~~ 24 August 2016.

They are signed on its behalf by:



Julian Verden  
Director

## Notes to the financial statements

### 1. Accounting policies

Stemcor Agency Services Limited (the Company) is a limited company incorporated in England and Wales. The Registered Office is CityPoint, 1 Ropemaker Street, London, EC2Y 9ST.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to financial statements of companies for the year ended 31 December 2015.

The company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2015. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 16.

#### Basis of preparation

The financial statements of Stemcor Agency Services Limited were authorised for issue by the Board of Directors on [ ] August 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in GBP which is the functional currency of the company and rounded to the nearest £'000.

#### Going Concern

On the 16th October 2015, the restructuring of the original Stemcor Group was completed, resulting in a demerger of the key trading companies from the original Stemcor Group into a new Stemcor Group (the Group). Stemcor Global Holdings Limited ("SGHL" or the Parent Company) is the ultimate parent company of the Group which is owned by a number of its lenders. Stemcor Agency Services Limited is an indirect 100% subsidiary of Stemcor Global Holdings Limited.

Following the successful restructuring, the SGHL directors expect the Group to trade profitably. They have reviewed current trading, cash flow projections, business forecasts and the Group's committed financing facilities as part of their assessment of the Group's ability to continue as a going concern.

The directors have worked with the senior management of the Group and agreed a business plan that forecasts trading through to the end of December 2017. This business plan has been used as the basis for the going concern assessment and other estimates made during the financial year. The business plan contains the most up-to-date management information and provides a sufficient level of detail to support these assessments.

The directors believe that with the overwhelming majority of the Group's trading transactions being short term in nature with a tenor shorter than 270 days, they can reasonably forecast the results of the Group's operating model. The business plan includes analysis of the Group's income statement, statement of financial position, statement of cash flows, KPIs and debt covenants outlook. The ability of Stemcor Agency Services Limited to continue as a going concern is closely linked to the Group's ability to continue as a going concern.

The directors are aware of the following uncertainties currently facing the business:

- The commodities market is subject to a degree of volatility which could result in unforeseen market shocks or loss of key customers;
- There is continued over-capacity in global steel markets which could lead to lower volumes and pricing;
- Further reduction of overheads may take longer to implement than currently forecast.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Going Concern (continued)

These uncertainties may prevent both the Group and Stemcor Agency Services Limited from performing in accordance with their business plan, meeting their forecasts and complying with the Group's covenants.

Although there remain some uncertainties, as disclosed above, in relation to the market and the operating model of the business, the directors believe that Stemcor Agency Services Limited has an expectation of managing these risks. The directors believe that the Group has a robust financing model, appropriate scale, a significantly improved cost base, a clear trading strategy, and strong corporate governance, sufficient to present the financial statements on a going concern basis.

Where appropriate, the business plan has been subjected to sensitivity testing which involves flexing a number of the main underlying assumptions and evaluating the potential impact of the Group's principal risks, and considering the mitigating actions available to the Group over the relevant timeframe, if such risks did arise.

After making reasonable enquiries and having carefully considered the matters described above, the directors believe that the Group, including Stemcor Agency Services Limited, is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors of Stemcor Agency Services Limited continue to adopt the going concern basis in preparing the Directors' Report and the financial statements of Stemcor Agency Services Limited.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### Revenue Recognition

Turnover represents the invoiced amount of goods sold and services provided to third parties net of value added tax, duty and trade discounts. Turnover on services provided is recognised when services to customers are completed and invoiced.

#### Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 5.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Pensions

The Group operates several money purchase pension schemes, including the "Stemcor Group Retirement Scheme", which are defined contribution schemes. Contributions to these defined contribution schemes are charged to the profit and loss account as they are payable.

#### Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of the exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

#### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

#### Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

#### Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 2. Operating loss

This is stated after charging:

	2015	2014
	£'000	£'000
Auditor's remuneration in respect of audit services – audit of the company's financial statements	(5)	(6)

Non audit fees paid to the Company's auditor for the year amounted to £nil (2014: £nil)

## Notes to the financial statements

### 3. Staff costs

#### (a) Staff Costs

	£'000	£'000
Wages and salaries	(201)	(185)
Social Security	(25)	(22)
Pension costs (note 12)	(13)	(12)
	<hr/> (239)	<hr/> (219)

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

	£'000	£'000
Sales and administration staff	3	3
	<hr/>	<hr/>

#### (b) Directors remuneration

Neither of the 2 directors (2014: 2) received any emoluments in respect of their services as directors of the Company during the year ended 31 December 2015 (2014: £nil).

The remuneration of the directors is paid by parent company, which makes no recharges to the Company. The directors act in a group capacity only and do not allocate specific time to the Company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the Company.

### 4. Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest to parent and fellow subsidiary undertakings	(26)	(9)
	<hr/>	<hr/>

## Notes to the financial statements

### 5. Tax on loss on ordinary activities

The tax charge is made up as follows:

	2015	2014
	£'000	£'000
<b>Current Taxation</b>		
UK corporation tax for the year @ 20% (2014: 21.49%)	-	-
Tax on profits/(losses) on ordinary activities	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20.25% (2014: 21.49%).

Factors affecting the total tax charge:

The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2015	2014
	£'000	£'000
Loss on ordinary activities before tax	(173)	(138)
Expected tax (charge)/credit at 20.25% (2014 – 21.49%)	35	30
Disallowed expenses	(1)	(1)
Losses created in the year	(34)	(29)
<b>Current tax charge</b>	-	-

The UK corporate tax rate reduced from 21% to 20% from 1 April 2015.

The company has tax losses arising in the UK of £0.5m (2014: £0.4m) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group and there is insufficient evidence of their future recovery against forecast profit within the company.

### 6. Fixed assets

Fixed assets consist of computer equipment costing £779 (2014 £nil) with a net book value £584 (2014 £nil).



## Notes to the financial statements

### 7. Debtors

	2015	2014
	£'000	£'000
Trade debtors	60	86
Amounts owed by subsidiary undertakings	33	35
Other debtors	3	-
	<u>96</u>	<u>121</u>

Included in debtors is £nil (2014: £nil) of debtors due after more than one year.

### 8. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Amounts owed to subsidiary undertakings	(716)	(511)
Accruals and deferred income	(14)	(30)
	<u>(730)</u>	<u>(541)</u>

### 9. Allotted and issued share capital

	2015	2014
	£'000	£'000
<b>Authorised:</b>		
2 Ordinary shares of £1 each	-	-
<b>Called up, allotted and fully paid:</b>		
2 Ordinary shares of £1 each	-	-

## Notes to the financial statements

### 10. Profit and loss account reserve

	2015	2014
	\$'000	\$'000
At 1 January	(389)	(251)
Loss for the period	(173)	(138)
At 31 December	(562)	(389)

### 11. Cash Flow

The Company has taken advantage of the exemption, under FRS 102, from the requirement of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d), not to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the parent prepares a group cash flow statement that includes the Company.

### 12. Pensions

The principal pension arrangements are defined contribution schemes and other money purchase schemes. The assets are held separately from those of the Group in independently administered funds. The costs were charged to the profit and loss account as incurred. There were no outstanding contributions or prepaid contributions at either the beginning or end of the financial year. Full details of the Pension are included in Stemcor Global Holdings Limited's financial statements.

	2015	2014
	£'000	£'000
Defined contribution scheme	13	12

### 13. Contingent liabilities

At 31 December 2015, the company had no material contingent liabilities.

### 14. Events after the reporting period

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts as at 31 December 2015.

### 15. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS102 regarding the requirement of Section 33 Related Part Disclosures paragraph 33.1A, and has not disclosed transactions with other subsidiaries of Stemcor Global Holdings Limited.

## **Notes to the financial statements**

### **16. Transition to FRS 102**

The Company transitioned from UK GAAP to FRS102 as at 1 January 2015. There is no material impact on the financial statements of the Company for the year ended 31 December 2015 as a result of the change to FRS 102.

### **17. Ultimate parent company and controlling party**

The immediate parent company of Stemcor Agency Services Limited is Stemcor Holdings 2 Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Stemcor Global Holdings Limited incorporated in Jersey. The largest and smallest group which consolidates the Company's accounts at 31 December 2015 is Stemcor Global Holdings Limited. The accounts for this company can be found on the Jersey Companies House website.