

**Company Registration No. 09628933**

**Stemcor BB Limited**

**Report and Financial Statements**

**31 December 2015**

WEDNESDAY



\*L5FITXD7\*

LD3

14/09/2016

#102

COMPANIES HOUSE

## Contents

Corporate information .....	3
Strategic report .....	4
Directors report.....	5
Directors' responsibility statement.....	7
Independent auditor's report to the member of Stemcor BB Limited .....	8
Income statement .....	10
Statement of comprehensive income .....	10
Statement of changes in equity .....	10
Statement of financial position .....	11
Notes to the financial statements .....	12

## **Corporate information**

### **Directors**

Michael Broom (appointed 08/06/2015)

Steven Graf (appointed 08/06/2015)

Julian Verden (appointed 08/06/2015)

### **Auditors**

Ernst & Young LLP

Statutory Auditor

1 More London Place

London

SE1 2AF

### **Bankers**

Global Loan Agency Services Ltd

45 Ludgate Hill

London

EC4M 7JU

### **Registered Office**

Citypoint

1 Ropemaker Street

London

EC2Y 9ST

## Strategic report

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

### Review of the business

The Company was incorporated on 8 June 2015, and is a wholly owned subsidiary of Stemcor Global Holdings Limited ("the Group").

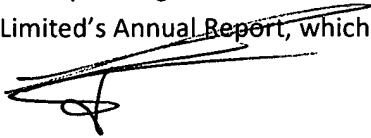
The company acceded to the Group's Trade Finance and Borrowing Base facilities. The principal activity of the Company is providing finance for group companies trading in steel products.

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 BB 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 period ended 31 December 2015.

### **Directors of the company**

The current directors are shown on page 3.

### **Share capital**

2 ordinary shares of £1 were issued during the period ending 31 December 2015.

### **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 period are set out on page 10.

### **Dividends**

No dividends were paid during the period 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 period.

### 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 period. 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 deduction

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, have adopted the going concern basis in preparing the financial statements.

## **Independent auditor's report to the member of Stemcor BB Limited**

We have audited the financial statements of Stemcor BB Limited for the period 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 15. 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 result for the period 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 BB 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 period ended 31 December 2015

	Notes	2015 £'000
Administrative expenses		(5)
<b>Loss on ordinary activities before interest and taxation</b>	3	<u>(5)</u>
Interest receivable and similar income	4	1,942
Interest payable and similar charges	5	<u>(1,951)</u>
<b>Loss on ordinary activities before taxation</b>		(14)
Tax on loss on ordinary activities	6	-
<b>Loss for the financial period</b>		<u>(14)</u>

## Statement of comprehensive income

For the period ended 31 December 2015

	2015 £'000
Loss for the financial period	(14)
Other comprehensive loss for the period	-
<b>Total comprehensive loss for the period</b>	<u>(14)</u>

## Statement of changes in equity

For the period ended 31 December 2015

	Total Equity £'000
At 8 June 2015	-
Loss for the period	(14)
At 31 December 2015	<u>(14)</u>

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

## Statement of financial position

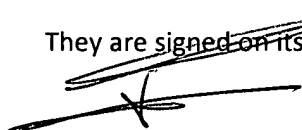
At 31 December 2015

	Notes	2015 £'000
<b>Current assets</b>		
Debtors: Amounts falling due after one year	7	105,809
Cash at bank and in hand		43
<b>Creditors: amounts falling due within one year</b>	8, 9	<u>(105,866)</u>
<b>Net current liabilities</b>		<u>(14)</u>
<b>Capital and reserves</b>		
Called up share capital	10	-
Profit and loss account		<u>(14)</u>
		<u>(14)</u>

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

The financial statements of Stemcor BB Limited (registered number 09628933) were approved by the Board of Directors and authorised for issue ~~24~~ August 2016.

They are signed on its behalf by:



Julian Verden  
Director

## Notes to the financial statements

### 1. Accounting policies

Stemcor BB Limited 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 FRS102 as it applies to financial statements of companies for the period ended December 2015.

#### Basis of preparation and change in accounting policy

The financial statements of Stemcor BB 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 BB 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 BB 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.

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

## Notes to the financial statements

### Going Concern (continued)

Although there remain some uncertainties, as disclosed above, in relation to the market and the operating model of the business, the directors believe that the Stemcor BB 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 BB 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 BB Limited continue to adopt the going concern basis in preparing the Directors' Report and the financial statements of Stemcor BB 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 period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Taxation – see tax section;
- Impairment of non financial assets – where there are indicators of impairment of individual assets, the Company performs an impairment test based on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

### 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 6.

### 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 profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

## Notes to the financial statements

### 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.

### Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

## 2. Director's emoluments

Other than the directors, the Company had no employees for the period ended 31 December 2015.

None of the directors received any emoluments in respect of their services as directors of the company during the period ended 31 December 2015.

The remuneration of the directors is paid by other entities within the Group (Stemcor Holdings 2 Limited, Samac Steel Supplies Limited, Eurosteel Products Limited and Stemcor USA Inc), 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.

## 3. Loss on ordinary activities before taxation

This is stated after charging:

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

Non audit fees paid to the Company's auditor for the period amounted to £nil.

## 4. Interest receivable and similar income

	2015
	£'000
Interests on intercompany loans	1,942

## Notes to the financial statements

### 5. Interest payable and similar charges

	2015
	£'000
Interests on bank loans and overdrafts	(1,951)

### 6. Tax on loss on ordinary activities

	2015
	£'000
<b>Current Taxation</b>	
UK corporation tax for the period	-
Total current tax on losses on ordinary activities	-

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 20%. The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2015
	£'000
Loss on ordinary activities before tax	(14)
Expected tax credit at 20%	3
Losses created in the period	(3)
<b>Current tax charge</b>	-

There were no deferred tax assets or liabilities at 31 December 2015.

### 7. Debtors

	2015
	£'000
Loans owed by subsidiary undertakings	105,583
Prepayments and accrued income	226
	105,809

Amounts owed by subsidiary undertakings relate to a loan that carried an interest rate of Average Lender Cost of funds plus 2.25%, where Average Lender Cost of Funds is based on a pre-agreed sample of Lender participants.

## Notes to the financial statements

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

	2015
	£'000
Bank Loans	(105,257)
Amounts owed to subsidiary undertakings	(604)
Accruals and deferred income	(5)
	<hr/> (105,866) <hr/>

Short term borrowings relate to a syndicated finance loan that carries an interest rate of Average Lender Cost of Funds plus 2.25%, where Average Lender Cost of Funds is based on a pre-agreed sample of Lender participants.

Amounts owed to subsidiary undertakings relate to loans which carry interest at average LIBOR for the loan period plus 3.85% per annum charged on the outstanding balances and are repayable within a year.

### 9. Loans

	2015
	£'000
Wholly repayable within five years	<hr/> (105,257) <hr/>

### 10. Allotted and issued share capital

	2015
	£'000
Ordinary shares of £1 each	
At 8 June 2015	-
Shares issued: <b>2 shares of £1 each</b>	-
At 31 December 2015	<hr/> - <hr/>



## Notes to the financial statements

### 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. Contingent liabilities

At 31 December 2015, the company had no material contingent liabilities (2014: £nil), apart from the following: the company along with a number of other entities within the Stemcor Group is a guarantor to the \$250m Borrowing Base Facility, and the \$100m medium term Shareholder Loan Facility. At the year-end under the Borrowing Base facility there was \$10.7m of open letters of credit.

### 13. 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.

### 14. 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.

### 15. Ultimate parent company and controlling party

The immediate parent company of Stemcor BB 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.