

Registered Number 02997333

Danieli UK Holding Limited

Annual Report

For the year ended 30 June 2016



Danieli UK Holding Limited
Annual Report
for the year ended 30 June 2016
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Danieli UK Holding Limited

Directors and Advisers

Directors

A P Betts – Chairman

G Ximeris – Commercial

Company Secretary

P J Jordan

Registered office

4 Ignite

Magna Way

Rotherham

S60 1FD

Independent auditors

Hart Shaw LLP

Europa Link

Sheffield Business Park

Sheffield

S9 1XU

Solicitors

Ward Hadaway

Sandgate House

102 Quayside

Newcastle upon Tyne

NE1 3DX

Bankers

Barclays Bank plc

Sheffield Branch

2 Arena Square

Sheffield

S9 2LF

Danieli UK Holding Limited

Directors' Report for the year ended 30 June 2016

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2016.

Principal activities

Danieli UK Holding Limited ("the Company") provides the sales, marketing, engineering and supply of continuous casting products, scrap metal processing equipment and other allied products and technologies to a wide variety of customers within the metals and scrap processing industries.

Matters required to be disclosed under Sch 7 of the Companies Act 2006 have been excluded from the Director's report. They are set out in the Strategic report which follows this report, in accordance with s414c(11) of the Companies Act 2006.

Results and dividends

The trading results of the Company are set out in the Profit and Loss Account and Retained Earnings Reconciliation on page 8.

The directors have not recommended a dividend in respect of the year ended 30/06/2016 (2015 Nil).

Directors

The following directors have held office since July 2015:

A P Betts

G Ximeris

J Allen Resigned 16th November 2015

Directors' interests in contracts

None of the directors has any interest, direct or indirect, in any significant contract or arrangement in relation to the business of the Company.

Statement of directors' responsibilities

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

Danieli UK Holding Limited

Directors' Report for the year ended 30 June 2016 (continued)

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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

The auditors, Hart Shaw LLP, were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



A P Betts
Director

Dated: 31 August 2016

Danieli UK Holding Limited

Strategic Report for the year ended 30 June 2016

Review of business

During the year, we have seen a continued weakness in global markets which the business serves. Material prices continued to fall significantly in early part of 2016 increasing price competition further especially in the lower value added product range. Year on year we noted the steel scrap use declining in the third quarter across all major markets except for Turkey which was largely unchanged. The decline in the use of scrap by the EU-28 of 8.8% and Russia by 19.4% were significant. In the final quarter however demand for ferrous scrap appears to be more healthy and we anticipate stronger market conditions for our customers in near to medium term which will stoke demand for the Company's products.

Market place competition continues to be high at a time when demand has remained subdued but stable compared to the depressed market conditions of 2015. Sentiment is positive with improving price levels for the remaining portion of calendar year 2016 foreseen. External factors such as exchange rates and political uncertainty within the EU and Turkey will play a key role in shaping the market over the coming months.

Domestic revenues increased significantly during the year as result of the delivery of several key projects. Volumes in the after sales segment in the key American, Asian and the EU markets were stable compared to 2015 levels. Margins however were adversely impacted due to fierce competition in the market.

Projects were completed during the year for customers in Germany, Algeria, China as well as the UK which is demonstrated by the wide geographic revenue base. During the year further new business opportunities in Mexico, Brazil, Canada and Angola were secured to further expand the reference plant base and reaffirm the Company's leading position in the sector for the supply of metals recycling shredding plants. These projects are in various stages of completion at this time.

Despite strong price completion and low demand pressures affecting the business and the sectors we serve, we have successfully taken steps to curtail the level of operating losses with significant reductions in selling, distribution and administrative costs. The Company has maintained its commitment to product development particularly in the area of ASR recovery and fluff to fuel technologies. Prototype technology is now in an advanced stage of manufacture which we anticipate bringing to the market in 2017.

The business incurred certain one off costs related to the decision to reshape and relocate the business to new premises during the course of the 2016. The result for the year is impaired as a result of these charges. However underlying profitability in the 6 months since relocating to new premises has been sustained with an acceptable level of operating profit being generated in that period.

Since the period end there have been no significant reportable post balance sheet events. New business acquired since the period end is in line with the year to date budgetary estimation for 2017.

The company has successfully recruited new high-calibre staff during the year as part of program to consolidate its business operations particularly in the metal shredder recycling sector and reduce fragmentation across the Danieli Centro Recycling business unit of the Group. As part of the company's long term recruitment strategy it has continued its association Bournemouth University and is continuing to develop its links to other Universities to develop young engineering talent.

Danieli UK Holding Limited

Strategic Report for the year ended 30 June 2016 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to competition from international metallurgical equipment contractors, the volatility of input costs and the current market conditions the business operates within.

Key performance indicators ("KPIs")

The Company directors recognise that the management of the gross margin on its long term contracts continues to be essential to understanding, developing and enhancing the position of the business. Gross margins on such contracts are monitored on a continuous basis and reviewed by the directors. In addition working capital requirements are managed as required. The following table includes some of those key indicators;

	2016	2015	Measure
Gross Margin	22.2%	24.8%	Gross Profit / Turnover
Profit Margin	(3.9%)	(18.5%)	PBT / Turnover
Sales Per Employee (£k)	227.4	162.8	Turnover / Average No. of Employees

The business has arrested the previous year's decline in annual profitability through rigorous and careful management of costs during a period where the gross margin was under serve pressure

Research and development activities

Danieli UK continues to be fully committed to the Danieli Group's mission 'INNOVATION'; to invest in research and development to fortify our global leadership position in the design and supply of continuous casting products, shredding machines and other allied products and technologies.

Investments have continued for the upgrading of the Company's engineering platform such that it can improve its efficiency and effectiveness in this key area.

Charitable Activities

Danieli UK continues to support a variety of local charitable organisations.

Danieli UK Holding Limited

Strategic Report for the year ended 30 June 2016 (continued)

Environmental matters

Consistent with policy of The Danieli Group the company has defined reference targets in order to maintain high levels of environmental protection standards. These being but not limited to;

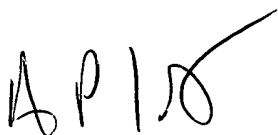
- Promoting a culture of health and environmental protection in all workers and their families;
- Constantly informing and training staff on general and specific risks, on rules of behaviour and company procedures;
- Making available adequate economic, technical and human resources to achieve environmental protection goals;
- Promoting awareness of the importance of compliance with environmental rules by example and through systematic oversight;
- Improving waste management by providing specific labelled containers and dedicated areas bearing appropriate signs and through more accurate separation of waste for disposal;

Future trends and developments

The outlook for 2017 is expected to see continued pressure on price with some progressive increase in demand coming through. The business is continuing to reassess its resource base to ensure this is optimized through leaner structures and processes such that it is appropriated equipped to serve its customers.

The business has commenced 2017 on a firm financial footing with trading volumes in the first weeks of the 2017 being consistent with the same period as experienced in 2016. The margins being achieved on new business in the same period are significantly improved compared to 2016 level; as such the immediate objective of further improvements in the profit margin is positive.

By Order of the Board



**A P Betts
Director**

Dated: 31 August 2016

Danieli UK Holding Limited

Independent Auditor's Report to the members of Danieli UK Holding Limited

We have audited the financial statements of Danieli UK Holding Limited for the year ended 30 June 2016 set out on pages 8 to 34. 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), including FRS102 "The Financial Reporting Standard Applicable in the UK and 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 auditors' 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 pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss 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.

Danieli UK Holding Limited

Independent Auditor's Report to the members of Danieli UK Holding Limited (continued)

Opinion on other matter 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'P. Dawson', followed by a long horizontal line.

**Paul Dawson (Senior statutory auditor)
for and on behalf of Hart Shaw LLP, Statutory Auditor
Sheffield**

Dated: 31 August 2016

Danieli UK Holding Limited

Profit and Loss Account and Retained Earnings Reconciliation for the year ended 30 June 2016

	Note	2016 £	2015 £
Turnover	5	13,641,211	11,392,774
Cost of sales		(10,610,472)	(8,562,163)
Gross profit		3,030,739	2,830,611
Selling and distribution costs		(2,143,339)	(2,521,247)
Administrative expenses		(646,870)	(2,417,141)
Restructuring costs		(726,364)	-
Bad Debt		(43,837)	-
Operating (loss)	6	(529,671)	(2,107,777)
Net interest receivable	10	(4,628)	8,199
Dividend income	11	-	250,000
(Loss) before taxation		(534,299)	(1,849,578)
Taxation	12	(109,971)	229,688
(Loss) for the financial year		(644,270)	(1,619,890)
Total comprehensive income for the year		(644,270)	(1,619,890)
Retained earnings as at 1 July 2015		7,951,079	9,570,969
Dividends		-	-
Retained earnings as at 30 June 2016		7,306,809	7,951,079

The operating (loss) is derived from continuing operations.

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

There are no recognised gains or losses other than the (losses) attributable to the shareholders of the company of (£644,270) in the year ended 30 June 2016 (2015: (£1,619,890)).

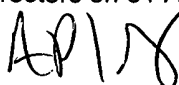
The notes on pages 11 to 34 form part of these financial statements.

Danieli UK Holding Limited

Statement of Financial Position as at 30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	-	665,571
Investments in subsidiaries	14	3,441,243	3,369,177
Property, Plant and Equipment	15	169,354	159,746
		3,610,597	4,194,494
Current assets			
Inventories	16	609,131	826,558
Receivables			
Amounts falling due within one year	17	5,662,013	5,784,406
Amounts falling due after one year		-	-
Cash at bank and in hand		8,988,501	10,419,381
		15,259,645	17,030,345
Payables: amounts falling due within one year	18	(6,068,955)	(6,691,107)
Net current assets		9,190,690	10,339,238
Payables: amounts falling due after one year	19	(5,114,992)	(6,482,058)
Provisions for Liabilities	20	(379,486)	(100,595)
Net assets		7,306,809	7,951,079
Capital and reserves			
Called up share capital	23	12,488,999	12,488,999
Profit and loss account		(5,182,190)	(4,537,920)
Total Equity		7,306,809	7,951,079

The financial statements on pages 9 to 34 were approved and authorised for issue by the board of directors on 31 August 2016 and were signed on its behalf by:



A P Betts

Director

Danieli UK Holding Limited

Registered Number 02997333

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

1 Statutory Information

Danieli UK Holding Limited is a company domiciled in England and Wales, registration number 02997333. The registered office is 4 Ignite, Magna Way, Rotherham, S60 1FD.

2 Compliance with Accounting Standards

The accounts have been prepared in accordance with FRS 102. There were no material departures from that standard.

3 Summary of Significant Accounting Policies

Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

These financial statements for the year ended 30th June 2016 are the first financial statements that comply with FRS 102. The date of transition is 1st July 2014.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

The financial statements have been prepared under the historical cost convention. The presentation currency is £ sterling.

Goodwill and intangibles

Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised on a straight line basis. As no reliable estimate can be made, the useful economic life has been limited to 5 years.

Research and development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Property, plant and equipment – depreciation and amortisation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful life using the follow rates:

Computer equipment	25% straight line
Fixtures and fittings	20% straight line
Leasehold improvements	Over the shorter of the lease term and 10 years

Where there has been a further diminution in value of any asset, this amount has been written off directly to profit and loss account.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in profit and loss account over the lease period.

Inventories

Inventories have been valued at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bring the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design cost, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each accounting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Profit and Loss and Retained Earnings Reconciliation. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Profit and Loss and Retained Earnings Reconciliation.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Income recognition

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below:

(i) **Sale of Design Services**

The company sells design services to other group companies. Revenue is recognised in the accounting period in which the services are concluded. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

(ii) **Sale of Spare Parts**

The company sells spare parts to various installations and plants around the world. Revenue is recognised in the accounting period that the product has been shipped to the location specified by the customer, the risk of obsolescence or loss has been transferred to the customer and the customer accepts the products in accordance with the sales order placed.

(iii) **Sale of Machinery and Plant**

The company supplies items of machinery and complete plant installations over several accounting periods. Revenue is recognised on the percentage of completion based on cost.

(iv) **Consignment Stock**

The company has stock held on consignment with several customers and recognises the revenue from such stock on the basis of usage or on reaching the final date for consumption of the stock as stated in the contract.

(v) **Dividend Income**

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

The company classifies charges and credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Tax deferred or accelerated is accounted for in respect of all material timing differences.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year-end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

Pension Costs

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in profit and loss account when due.

Investments

All investments are initially recorded at cost less provision for diminution in value. The investment in subsidiaries represents the cost of the company's subsidiary undertakings. The carrying value of the investment is reviewed for impairment following the first full year of acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

In particular:

Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Exemptions for qualifying entities under FRS 102

The company is a wholly owned subsidiary of Industrielle Beteiligung SA, a societe anonyme having its registered office at 9, Rue du Laboratoire L-1911, Luxembourg. Industrielle Beteiligung SA itself is a wholly owned subsidiary of Danieli & C Officine Meccaniche Spa a company established under the laws of the Republic of Italy, with its principal place of business at 33042 Buttrio, Udine, Italy. It is included in the consolidated financial statements of Danieli & C Officine Meccaniche Spa which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Danieli & C Officine Meccaniche Spa. Includes the company's cash flows in its own consolidated financial statements.

4 Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

(i) Exemptions on transition to FRS 102

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1 July 2014) in accordance with the company's accounting policies.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred income

The company has a number of contracts for rendering of goods and services which were in progress at the year end. The external costs incurred at the year end on the contracts are recoverable through the standard terms and conditions of the contract, should the contract not be fulfilled through no fault of the company. As such, the company recognises revenue throughout the length of the contract through the costs incurred to date on profit making contracts and recognises the profit element upon completion of the contract, as this is the significant act that ensures the company will be entitled to the full amount of revenue. In making this judgement, management has considered the detailed criteria set out for the recognition of revenue in FRS 102 Section 23, with particular emphasis to whether the specific act of completion of the contract is the most significant aspect of the contract to recognise the revenue in excess of costs on a contract. As such, the company has deferred £1,229,298 (2015 - £1,265,616)

(ii) Deferred costs

The company has a number of contracts for rendering of goods and services which were in progress at the year end. In respect of goods and services received in order to carry out the contract amounts have been invoiced but are not payable until the final terms of the contract have been agreed by the end customer per the terms of the contract. The amount of costs deferred are estimated using the balance on the original contract yet to be received from the end customer in respect of the work performed at the year end date.

In making this judgement, management has considered the detailed criteria set out for the recognition of costs in FRS 102 Section 21, with particular emphasis as to whether an obligation existed at the reporting date as a result of a past event. As such the company has deferred £198,370 (2015 - £792,878).

- The auditors remuneration note we discussed does not require any total on the bottom so leaving it as it is currently disclosed is fine.
- I've re-read the audit report and there are no additional adjustments required
- The exceptional item note – I think needs changing to have a title of restructuring costs as it appears in the accounts.
- Could you also email through an updated copy of the mapping to stats excel and a new set of accounts please?

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

5 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year / period

The analysed of turnover by geographical area and activity is as follows:

By geographical area	2016	2015
	£	£
United Kingdom	4,658,347	1,219,331
North America	449,504	612,692
South America	101,097	72,346
Asia	639,427	761,085
Europe	7,743,352	8,383,545
Africa	28,584	220,854
Australasia	20,900	122,921
	13,641,211	11,392,774

By activity	2016	2015
	£	£
Continuous casting products	958,572	1,521,927
Scrap metal processing equipment	10,571,602	8,226,460
Non-ferrous products	2,111,037	1,644,387
	13,641,211	11,392,774

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

6 (Loss) before tax

	2016 £	2015 £
(Loss) before tax is stated after charging / (crediting):		
Directors' remuneration	160,589	110,198
Pensions of directors	9,062	7,200
Auditors' remuneration	17,500	17,500
Depreciation of owned assets	75,865	91,481
Amortisation of owned assets	665,571	665,571
Operating lease rentals:		
- property rentals	499,534	188,756
- vehicles	13,808	11,899
Loss on sale of tangible fixed assets	34,916	-
Net (Gains) / Losses on foreign currency translations	(564,625)	805,040

7 Auditors' remuneration

	2016 £	2015 £
Fees payable for audit of annual financial statements	17,500	17,500
Fees payable for other services	2,200	-

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

8 Directors' remuneration

	2016 £	2015 £
Emoluments for qualifying services	152,962	110,198
Company contributions to defined contribution pension scheme	9,062	7,200
Emoluments paid to a third party for qualifying services (note 27)	-	94,273
	162,024	211,671

Retirement benefits are accruing for 1 (2015: 2) director under the company's defined contribution pension scheme.

9 Staff numbers and costs

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

	2016 Number	2015 Number
Manufacturing	26	32
Sales and administration	35	38
	61	70

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	2,792,363	3,117,838
Social security costs	295,272	322,639
Other pension costs (Note 25)	159,299	179,790
Staff costs	3,246,934	3,620,267

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

10 Net interest receivable

	2016 £	2015 £
Interest receivable		
Bank	891	6,392
Group	1,525	20,796
Other	302,120	224,569
	304,536	251,757
Interest payable		
Bank	(37,555)	(47,271)
Group	-	-
Other	(271,609)	(196,287)
	(309,163)	(243,558)
Net interest receivable	(4,628)	8,199

11 Dividends

The Company received no cash dividend (2015: £250,000) from its subsidiary Innoval Technology Limited in the year. There was no further dividends receivable by the Company at the end of the financial year (2015: £nil).

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

12 Taxation

	2016	2015
	£	£
Current tax		
UK Corporation tax at 20.00% (2015: 20.75%)	-	-
Adjustments in respect of previous periods	(3,008)	(7,303)
Total current tax (charge)/credit	(3,008)	(7,303)
Deferred tax (note 21)		
Origination and reversal of timing differences	(51,615)	236,809
Changes in tax rates or laws	(49,973)	-
Adjustments in respect of prior periods	(5,375)	182
Tax credit on Profit / (Loss) on ordinary activities	(109,971)	229,688

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

12 Taxation (continued)

The tax assessed for the period is lower (2015: lower) than the standard rate of corporation tax in the UK at 20.00% (2015: 20.75%). The differences are explained below:

	2016 £	2015 £
Profit / (Loss) before tax	(491,494)	(1,849,578)
Profit / (Loss) on ordinary activities multiplied by standard rate in the UK of 20.00% (2015: 20.75%)	(95,297)	(383,800)
Effects of:		
Accelerated capital allowances	-	-
Income not taxable for tax purposes	-	(51,877)
Other permanent differences	16	184,470
Fixed asset differences	18,396	11,086
Expenses not deductible for tax purposes	134,236	-
Trading losses utilised	-	-
Adjustments in respect of previous periods	3,008	7,303
Adjustments in respect of previous periods – Deferred tax	5,375	(182)
Adjustment in closing deferred tax to average rate of 20.00%	44,237	3,312
Other short term timing differences	-	-
Charge for the period	109,971	(229,688)

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

13 Intangible Fixed Assets

	Goodwill £
Cost	
At 1 July 2015	3,008,501
Additions	-
At 30 June 2016	3,008,501
Amortisation	
At 1 July 2015	2,342,930
Charge for the year	665,571
At 30 June 2016	3,008,501
Net book amount	
At 30 June 2016	-
At 30 June 2015	665,571

The intangible fixed asset was created wholly from the goodwill on acquisition of Lynxs Shredder (Project Design) Ltd.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

14 Investments in subsidiaries

	Investments in subsidiary undertakings
	£
Cost of valuation	
At 1 July 2015	3,492,374
Over provided consideration	(51,131)
At 30 June 2016	3,441,243
Amortisation	
At 1 July 2015	123,197
Charge in the year	(123,197)
At 30 June 2016	-
Net book amount	
At 30 June 2016	3,441,243
At 30 June 2015	3,369,177

Investments in subsidiaries comprises of equity shares in Innoval Technology Ltd. These shares are not publicly traded.

The company owns 100% of the equity share capital (2015: 100%). During the year the company received no dividend (2015: £250,000).

The investment is carried at cost and not fair value as the shares are not publicly traded and therefore the company continues to follow its previous accounting policy.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

14 Investments in subsidiaries (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Holding	Proportion of voting rights and shares held	Nature of Business
Danieli Lynxs Limited	Ordinary Shares	100%	Dormant
Danieli Lynxs Services Limited	Ordinary Shares	100%*	Dormant
Danieli Lynxs Shredder Services Limited	Ordinary Shares	100%*	Dormant
Innoval Technology Limited	Ordinary Shares	100%	Engineering
Danieli Davy Distington Limited	Ordinary Shares	100%	Dormant

* Held by a subsidiary undertaking.

The aggregate capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

Subsidiary undertakings	Capital and reserves £	Profit for the period £
Danieli Lynxs Limited	100	-
Danieli Lynxs Services Limited	100	-
Danieli Lynxs Shredder Services Limited	100	-
Innoval Technology Limited	862,251	77,459
Danieli Davy Distington Limited	1	-

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

15 Property, Plant and Equipment

	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	£	£	£	£
Cost				
At 1 July 2015	449,517	454,437	268,136	1,172,090
Additions	86,335	61,845	420	148,600
Disposals	(360,853)	(138,417)	(107,175)	(606,445)
At 30 June 2016	174,999	377,865	161,381	714,245
Depreciation				
At 1 July 2015	356,494	402,179	253,671	1,012,344
Charge for the year	31,771	38,725	5,369	75,865
Disposals	(300,087)	(136,517)	(106,714)	(543,318)
At 30 June 2016	88,178	304,387	152,326	544,892
Net book amount				
At 30 June 2016	86,821	73,478	9,055	169,354
At 30 June 2015	93,023	52,258	14,465	159,746

16 Inventories

	2016 £	2015 £
Raw materials and consumables	609,131	826,558
Work in progress	-	-
	609,131	826,558

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

17 Receivables – amounts recoverable within one year

	2016	2015
	£	£
Trade receivables	2,539,157	1,737,493
Amounts owed by parent undertaking	1,248,643	1,098,300
Amounts owed by subsidiary undertakings	13,958	4,849
Amounts owed by fellow group undertakings	759,329	701,003
Corporation tax	-	3,008
Deferred tax asset (note 21)	398,142	505,105
Other receivables	424,284	640,440
Prepayments and accrued income	276,558	267,057
Advances to suppliers	1,942	827,151
	5,662,013	5,784,406

18 Payables – amounts falling due within one year

	2016	2015
	£	£
Trade payables	1,242,480	1,828,707
Payments on account	1,229,298	1,265,616
Other tax and social security	85,494	106,821
Accruals and deferred income	451,982	707,059
Deferred and contingent consideration	-	142,435
Promissory notes	1,920,997	1,643,684
Bank loan	416,668	416,668
Amounts owed to parent undertaking	118,452	432,154
Amounts owed to fellow group undertakings	603,584	147,963
	6,068,955	6,691,107

Payments on account are down payments to suppliers as part of the supply of goods per the payment terms on committed orders.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

19 Payables – amounts falling due after one year

	2016	2015
	£	£
Deferred and contingent consideration	-	-
Promissory notes	4,802,492	5,752,893
Bank loan	312,500	729,165
	5,114,992	6,482,058

Amounts falling due after more than one year comprise:

Deferred and contingent consideration

Amounts owing under sale and purchase agreements totalling £nil (2015: £142,435) were outstanding at the yearend relating to the acquisition of Innoval Technology Limited.

Bank Loan

The company has a term loan of £729,167 (2015: £1,145,833) from Barclays Bank plc. The facility bears interest at 3 month LIBOR + 2% payable on a quarterly basis. This is a secured debenture.

Promissory Notes

The company has promissory notes of £6,723,489 (2015: £7,396,577) outstanding with Confirmecc Spa. The notes are repayable in full in 2019. The promissory notes bear interest at 2.32% payable annually. These are shown at historic cost and are unsecured.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

20 Provision for liabilities

	2016 £	2015 £
As at 1 July 2015	100,595	173,397
Utilised during the year	-	(72,802)
Charge for the year	278,891	-
As at 30 June 2016	379,486	100,595

Rationalisation of the company's operations resulted in a relocation and consolidation of premises. The liability for the previous premises costs has been provided in full within provisions and will be fully utilised by 12 February 2018.

21 Deferred tax asset

	Deferred Tax Asset £
Deferred tax at 1 July 2015	505,105
Credit to the profit and loss account	(106,963)
Deferred tax at 30 June 2016	398,142

Deferred tax asset provided and unprovided in the financial statements is as follows:

	Provided		Unprovided	
	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	98,025	101,319	-	-
Losses	290,577	398,646	-	-
Short term timing differences	9,540	5,140	-	-
Deferred tax asset	398,142	505,105	-	-

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

22 Financial instruments

The company has the following financial instruments:

	2016 £	2015 £
Financial Assets that are debt instruments measured at amortised cost:	4,985,372	4,182,084
	4,985,372	4,182,084
Financial Liabilities measured at amortised cost:	9,502,667	11,058,055
	9,502,667	11,058,055

23 Share capital

	2016 £	2015 £
Authorised		
12,488,999 Ordinary shares of £1 each	12,488,999	12,488,999
Allotted, called up and fully paid		
12,488,999 Ordinary shares of £1 each	12,488,999	12,488,999
Total issued share capital	12,488,999	12,488,999

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

24 Leasing commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

				2016
	Land and buildings	Plant and machinery	Vehicles	Total
	£	£	£	£
Operating leases which expire:				
Within one year	294,998	2,365	10,528	307,891
In the second to the fifth years inclusive	362,024	2,340	3,759	368,123
	657,022	4,705	14,287	676,014
				2015
	Land and buildings	Plant and machinery	Vehicles	Total
	£	£	£	£
Operating leases which expire:				
Within one year	269,395	5,457	13,808	288,661
In the second to the fifth years inclusive	402,403	-	14,287	416,690
	671,798	5,457	28,095	705,351

Amounts paid on leases in the year were £513,342 (2015: £332,121). The lease is a new full repairing and insuring lease for a term of 10 years. The lease incorporates a tenant only option to determine on expiry of the 5th year of the term subject to 6 months prior notice.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

25 Pension scheme

The company's employees are members of a defined contribution pension scheme under which contributions are paid by the company and by employees.

The company's contributions are based on a percentage of employee earnings. The pension cost charge for the year was £159,299 (2015: £179,790). The balance sheet payable as at the yearend was £23,767 (2015: £25,704).

26 Contingent liability

During the year the company gave an unlimited guarantee to Barclays Bank plc in respect of Innoval Technology Limited's bank borrowings. At 30th June 2016 these amounted to £142,054.

27 Related party disclosures

As a subsidiary undertaking of Danieli & C Officine Meccaniche Spa, the company has taken advantage of the exemption in FRS 102 "Related party disclosures" not to disclose transactions with group companies.

Amounts due from parent/subsidiary/fellow group undertakings are included within Trade receivables (note 17). Amounts due to parent/subsidiary/fellow group undertakings are included within Trade payables (note 19).

See note 8 for disclosure of the directors' remuneration and note 28 for key management compensation.

The company had a balance of £2,480,216 (2015: £2,844,306) due from Danieli Banking Corporation. This balance is included within the Cash at bank and in hand shown in the statement of financial position.

Danieli UK Holding Limited

Notes to the Financial Statements for the year ended 30 June 2016

28 Key management

The compensation paid or payable to key management for employee services is as follows:

	2016	2015
	£	£
Emoluments for qualifying services	224,993	110,198
Company contributions to defined contribution pension scheme	12,164	7,200
Emoluments paid to a third party for qualifying services (note 27)	-	94,273
	237,158	211,671

29 Ultimate parent company

The company is a wholly owned subsidiary of Industrielle Beteiligung SA, a societe anonyme having its registered office at 9, Rue du Laboratoire L-1911, Luxembourg. Industrielle Beteiligung SA itself is a wholly owned subsidiary of Danieli & C Officine Meccaniche Spa a company established under the laws of the Republic of Italy, with its principal place of business at 33042 Buttrio, Udine, Italy.