

Company Registration No. 06437348 (England and Wales)

BARNFATHER WIRE (MIDLANDS) LTD
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

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BARNFATHER WIRE (MIDLANDS) LTD

COMPANY INFORMATION

Directors	Mr J.R.G Barnfather Mr M Fenney
Secretary	Mr J.R.G Barnfather
Company number	06437348
Registered office	Willenhall Road Darlaston Wednesbury WS10 8JG
Auditors	AGS Accountants & Business Advisors Limited Castle Court 2 Castle Gate Way Dudley DY1 4RH
Business address	Willenhall Road Darlaston Wednesbury WS10 8JG
Bankers	Lloyds TSB PO Box 46 The Bridge Walsall WS1 1LU

BARNFATHER WIRE (MIDLANDS) LTD

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BARNFATHER WIRE (MIDLANDS) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company continued to be that of wire drawing.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2013:

Mr J.R.G Barnfather
Mr M Fenney

Auditors

AGS Accountants & Business Advisors Limited were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

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.

BARNFATHER WIRE (MIDLANDS) LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

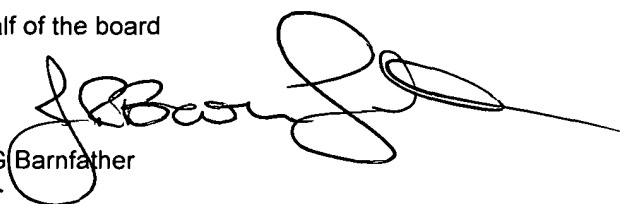
Statement of disclosure to auditors

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.

On behalf of the board

Mr J.R.G Barnfather
Director

4 September 2014

A handwritten signature in black ink, appearing to read 'J.R.G Barnfather', with a long horizontal flourish extending to the right.

BARNFATHER WIRE (MIDLANDS) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present the strategic report and financial statements for the year ended 31 December 2013.

Review of the business

The directors of Barnfather Wire (Midlands) Limited aim to provide a balanced overview of the performance and condition of our business during the past 12 months and as of the year end. Our report is consistent with the financial statements that have been produced and addresses any risks and uncertainties that our business may be subjected to.

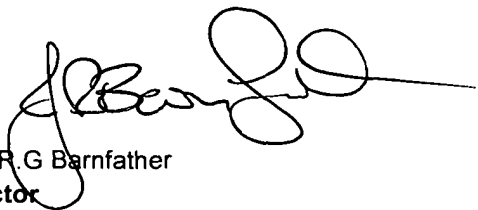
Our business benefits from the vast expertise and knowledge that we directors have accumulated during our years trading within the UK steel industry. Such knowledge has allowed the business to remain financially sound whilst growing at a steady rate for a number of years.

We believe that the principle risk that has faced our business for a number of years is the health of the UK economy. Many businesses within our industry have failed and many more are still suffering despite what appears to be an improvement in the economy as a whole during the period and since the balance sheet date. Careful planning and knowledge of the industry has enabled us to buy at the correct times and to trade with the correct businesses to ensure the stability of our business whilst remaining competitive with our European competitors.

Steel prices were high throughout 2012 which had a negative impact on our gross margin. Careful stock management and purchasing in 2013 has enabled us to bring our margin back up to a level consistent with prior years.

At the year ended 31 December 2013 we believe the business to be financially and operationally sound.

Plans are in place to target customers where greater profit margins can be achieved whilst minimising the risk of exposure to bad debts. The end result of such plans is anticipated to be further growth within the UK steel industry whilst maintaining the financial stability of the business.



Mr J.R.G Barnfather
Director

4 September 2014

BARNFATHER WIRE (MIDLANDS) LTD

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BARNFATHER WIRE (MIDLANDS) LTD

We have audited the financial statements of Barnfather Wire (Midlands) Ltd for the year ended 31 December 2013 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 1 - 2, 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 Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

BARNFATHER WIRE (MIDLANDS) LTD

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BARNFATHER WIRE (MIDLANDS) LTD

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.



Mr Kevin Corey (Senior Statutory Auditor)

for and on behalf of AGS Accountants & Business Advisors Limited

4 September 2014

**Accountants
Statutory Auditor**

**Castle Court 2
Castle Gate Way
Dudley
DY1 4RH**

BARNFATHER WIRE (MIDLANDS) LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	8,803,547	8,596,260
Cost of sales		(6,899,151)	(6,829,856)
Gross profit		1,904,396	1,766,404
Administrative expenses		(1,588,400)	(1,751,037)
Operating profit	3	315,996	15,367
Interest payable and similar charges	4	(1,613)	(1,621)
Profit on ordinary activities before taxation		314,383	13,746
Tax on profit on ordinary activities	5	(82,933)	(11,296)
Profit for the year	13	231,450	2,450

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

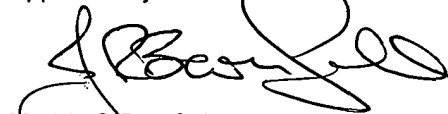
BARNFATHER WIRE (MIDLANDS) LTD

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	6		167,288		150,513
Current assets					
Stocks	7	1,938,672		1,453,734	
Debtors	8	1,960,413		2,073,831	
Cash at bank and in hand		160		876	
		<u>3,899,245</u>		<u>3,528,441</u>	
Creditors: amounts falling due within one year	9	<u>(3,329,196)</u>		<u>(3,139,167)</u>	
Net current assets			570,049		389,274
Total assets less current liabilities			<u>737,337</u>		<u>539,787</u>
Creditors: amounts falling due after more than one year	10		-		(33,900)
			<u>737,337</u>		<u>505,887</u>
Capital and reserves					
Called up share capital	12	500,000		500,000	
Profit and loss account	13	237,337		5,887	
Shareholders' funds	14	<u>737,337</u>		<u>505,887</u>	

Approved by the Board and authorised for issue on 4 September 2014



Mr J.R.G Barnfather
Director

Company Registration No. 06437348

BARNFATHER WIRE (MIDLANDS) LTD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities		(37,869)		411,834
Returns on investments and servicing of finance				
Interest paid	(1,613)		(1,621)	
Net cash outflow for returns on investments and servicing of finance		(1,613)		(1,621)
Taxation		(11,296)		(1,423)
Capital expenditure				
Payments to acquire tangible assets	(123,571)		(140,600)	
Receipts from sales of tangible assets	46,000		80,500	
Net cash outflow for capital expenditure		(77,571)		(60,100)
Net cash (outflow)/inflow before management of liquid resources and financing		(128,349)		348,690
Capital element of hire purchase contracts	(50,544)		50,544	
(Decrease)/increase in cash in the year		(178,893)		399,234

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2013	2012
	£	£
Operating profit	315,996	15,367
Depreciation of tangible assets	53,277	77,548
Loss on disposal of tangible assets	7,519	14,000
(Increase)/decrease in stocks	(484,938)	979,358
Decrease/(increase) in debtors	113,418	(227,309)
Decrease in creditors within one year	(43,141)	(447,130)
Net cash (outflow)/inflow from operating activities	(37,869)	411,834

2 Analysis of net debt	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	876	(716)	-	160
Bank overdrafts	(303,532)	(178,177)	-	(481,709)
	(302,656)	(178,893)	-	(481,549)
Bank deposits	-	-	-	-
Debt:				
Finance leases	(50,544)	50,544	-	-
Net debt	(353,200)	(128,349)	-	(481,549)

3 Reconciliation of net cash flow to movement in net debt	2013	2012
	£	£
(Decrease)/increase in cash in the year	(178,893)	399,234
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	50,544	(50,544)
Movement in net debt in the year	(128,349)	348,690
Opening net debt	(353,200)	(701,890)
Closing net debt	(481,549)	(353,200)

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	50% straight line
Fixtures, fittings & equipment	33% straight line
Motor vehicles	25% reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

(Continued)

1.9 Employer-Financed Retirement Benefit Scheme (EFRBS)

During the previous year the Company resolved to establish an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Barnfather Wire (Midlands) Limited 2013 EFRBS ('the Scheme').

In accordance with Financial Reporting Standards, the Directors considered that a constructive obligation existed as at 31 December 2012 as a result of the resolution made at a meeting of the Directors beforehand. It was therefore considered that an accrual should be recognised in the prior year accounts of £500,200.00 on the basis that as at 31 December 2012 the Company had a present constructive obligation as a result of a past event, that the Directors believed that a transfer of economic benefits would be required to settle the obligation, and that an accurate estimate could be made of the amount of the obligation. On 7 March 2013 the Company established the Scheme and within 9 months of the prior year accounting year end the Company made contributions of £500,200.00 in total under the Scheme.

In accordance with UITF Abstract 32 'Employee Benefit Trusts and other intermediate payment arrangements', the Company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.'

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2013 £	2012 £
Operating profit is stated after charging:		
Depreciation of tangible assets	53,277	77,548
Loss on disposal of tangible assets	7,519	14,000
Loss on foreign exchange transactions	-	4
Operating lease rentals	96,427	79,589
Auditors' remuneration (including expenses and benefits in kind)	5,250	5,000
and after crediting:		
Profit on foreign exchange transactions	(82)	-

Remuneration receivable by the auditors for other services has been disclosed on the group financial statements.

4 Interest payable

	2013 £	2012 £
On bank loans and overdrafts	1,613	1,621

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

5	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	82,933	11,296
	Total current tax	<u>82,933</u>	<u>11,296</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>314,383</u>	<u>13,746</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 20.00%)	<u>72,308</u>	<u>2,749</u>
	Effects of:		
	Non deductible expenses	2,983	3,192
	Depreciation add back	13,983	18,310
	Capital allowances	(7,078)	(12,955)
	Effect of change of rate of corporation tax	881	-
	Other tax adjustments	(144)	-
		<u>10,625</u>	<u>8,547</u>
	Current tax charge for the year	<u>82,933</u>	<u>11,296</u>

Deferred taxation has not been provided in respect of taxation deferred by timing differences, which in the opinion of the directors will not reverse in the future.

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2013	87,359	35,915	175,241	298,515
Additions	9,001	47,580	66,990	123,571
Disposals	-	-	(79,044)	(79,044)
At 31 December 2013	96,360	83,495	163,187	343,042
Depreciation				
At 1 January 2013	64,744	30,424	52,834	148,002
On disposals	-	-	(25,525)	(25,525)
Charge for the year	12,100	10,001	31,176	53,277
At 31 December 2013	76,844	40,425	58,485	175,754
Net book value				
At 31 December 2013	19,516	43,070	104,702	167,288
At 31 December 2012	22,616	5,491	122,406	150,513

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2013	-
At 31 December 2012	64,223
Depreciation charge for the year	
At 31 December 2013	-
At 31 December 2012	14,821

7 Stocks

	2013 £	2012 £
Finished goods and goods for resale	1,938,672	1,453,734

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

8 Debtors	2013 £	2012 £
Trade debtors	945,840	1,269,136
Amounts owed by parent and fellow subsidiary undertakings	932,966	775,333
Other debtors	51,584	-
Prepayments and accrued income	30,023	29,362
	<u>1,960,413</u>	<u>2,073,831</u>

9 Creditors: amounts falling due within one year	2013 £	2012 £
Bank loans and overdrafts	481,709	303,532
Net obligations under finance leases	-	16,644
Trade creditors	1,279,043	1,266,064
Amounts owed to parent and fellow subsidiary undertakings	1,381,350	855,554
Corporation tax	82,933	11,296
Other taxes and social security costs	34,466	62,387
Other creditors	(1,607)	4,973
Accruals and deferred income	71,302	618,717
	<u>3,329,196</u>	<u>3,139,167</u>

The bank overdraft is secured by way of a debenture (created 15 January 2008) and an unlimited guarantee (created 5 October 2009). These are secured as a fixed and floating charges over all present and future assets of Barnfather Wire (Midlands) Limited. Additional security is provided by way of an omnibus guarantee and set off agreement in favour of Lloyds TSB Bank Plc securing all monies due or to become due to the company on any account. This was created on 30th March 2011.

10 Creditors: amounts falling due after more than one year	2013 £	2012 £
Net obligations under finance leases	-	33,900
	<u>-</u>	<u>33,900</u>
Net obligations under finance leases		
Repayable between one and five years	-	50,544
	<u>-</u>	<u>50,544</u>
Included in liabilities falling due within one year	-	(16,644)
	<u>-</u>	<u>33,900</u>

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

11 Pension and other post-retirement benefit commitments

Defined contribution

	2013 £	2012 £
Contributions payable by the company for the year	11,389	11,091

12 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
500,000 Ordinary Shares of £1 each	500,000	500,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2013	5,887
Profit for the year	231,450
Balance at 31 December 2013	237,337

14 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	231,450	2,450
Opening shareholders' funds	505,887	503,437
Closing shareholders' funds	737,337	505,887

15 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

	Other 2013 £	2012 £
Operating leases which expire:		
Between two and five years	-	6,467

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

16 Directors' remuneration	2013 £	2012 £
Remuneration for qualifying services	147,449	178,392

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	91,500	91,341
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During the prior year the Company, in order to motivate and incentivise its officers and employees, resolved to establish an employer financed retirement benefit scheme for the benefit of the Company's officers, employees and their wider families, The Barnfather Wire (Midlands) Limited 2013 EFRBS ('the Scheme').

Contributions were made to the Scheme within 9 months of the end of the prior year accounting period which created value in the Scheme. The amount of such value which is held on terms which are discretionary was £495,050.00. Because no earmarking had yet taken place in respect of this amount, it was not considered that this amount could be regarded as directors' remuneration and, therefore, it was excluded from the overall figure and the remuneration of the highest paid director.

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
Senior Management	2	3
Administrative Staff	10	9
Production Staff	18	16
	30	28

Employment costs	2013 £	2012 £
Wages and salaries	856,936	856,048
Social security costs	97,324	106,814
Other pension costs	11,389	11,091
	965,649	973,953

BARNFATHER WIRE (MIDLANDS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

18 Control

The ultimate parent company is Barnfather Holdings Limited, a company registered in England and Wales.

Copies of the ultimate company's accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

19 Related party relationships and transactions

Barnfather Holdings Limited is the parent company of Barnfather Wire (Midlands) Limited. During the year Barnfather Wire (Midlands) Limited made purchases from Barnfather Holdings Limited of £373,000 (2012: £90,501). At the balance sheet date Barnfather Wire (Midlands) Limited owed Barnfather Holdings Limited £1,381,350 (2012: £855,554).

Gibson Trading Limited is a fellow subsidiary of Barnfather Wire (Midlands) Limited. During the year Barnfather Wire (Midlands) Limited made sales to Gibson Trading Limited of £3,788,424 (2012: £3,854,097). At the year end Gibson Trading Limited owed an intercompany debt of £902,341 (2012: £775,333) to Barnfather Wire (Midlands) Limited.

During the year Tipple Rowe Limited became a fellow subsidiary of Barnfather Wire (Midlands) Limited. Since acquisition, Barnfather Wire (Midlands) Limited paid rent of £50,000 (£39,794 pre acquisition) to Tipple Rowe Limited and made sales of £30,624 to Tipple Rowe Limited. At the balance sheet date Tipple Rowe Limited owed a debt of £30,624 to Barnfather Wire (Midlands) Limited.