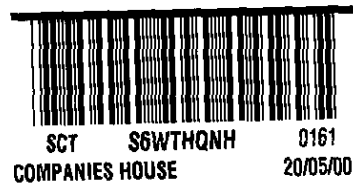


**BARCLAY & MATHIESON LIMITED**  
(Registered Number SC30987)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 AUGUST 1999**

*Idm .*



# **BARCLAY & MATHIESON LIMITED**

## **DIRECTORS' REPORT**

The directors submit their annual report and the audited financial statements of the company and the group for the year ended 31 August 1999.

## **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company and the group trade principally as steel stockholders and fabricators.

## **RESULTS AND DIVIDENDS**

The loss for the year, after taxation of the group amounted to £183,082 (1998 - profit of £182,548).

An interim dividend of £50 was paid in the year. The directors do not propose a final dividend (1998 - nil). The loss for the financial year of £183,132 (1998 - profit of £182,548) has been transferred to reserves.

## **DIRECTORS AND THEIR INTERESTS**

A list of the directors who served throughout the year is given below together with their interests (including those of their spouses and interests held in family trusts) in the share capital of the company.

	31 August <u>1999</u> Number	31 August <u>1998</u> Number
Mr P P Bradburn	425	355
Mrs A E Dykes (Chairperson)	100	100
Mr J Walker	4,825	4,825
Mr M J Norrie (appointed 28 February 1999)	165	165

## **TANGIBLE FIXED ASSETS**

The directors are of the opinion that the market value of the land and buildings of the group is in excess of the book value as reported in the financial statements.

## **BARCLAY & MATHIESON LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 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 and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS**

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors. A resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



P P BRADBURN  
Secretary  
26 November 1999

Registered office:  
180 Hardgate Road  
Glasgow G51 4TB

**PricewaterhouseCoopers**  
Kintyre House  
209 West George Street  
Glasgow G2 2LW  
Telephone +44 (0) 141 248 2644  
Facsimile +44 (0) 141 242 7481

## **AUDITORS' REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED**

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the Directors' Report including the financial statements, as described on page 2. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

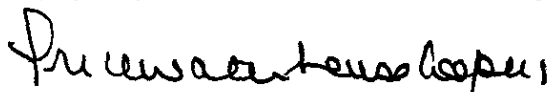
### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 August 1999 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors  
Glasgow

26 November 1999

# BARCLAY & MATHIESON LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1999

	Notes	1999	1998
		£	£
<b>TURNOVER</b>	2	18,844,652	17,929,899
Continuing operations		18,844,652	14,001,253
Acquisitions		-	3,928,646
Cost of sales	2	(14,429,188)	(14,020,273)
<b>GROSS PROFIT</b>		4,415,464	3,909,626
Distribution costs	2	(1,931,052)	(1,514,207)
Administrative expenses	2	(2,333,455)	(1,816,461)
		<u>4,264,507</u>	<u>(3,330,668)</u>
<b>OPERATING PROFIT</b>		150,957	578,958
Continuing operations		150,957	457,200
Acquisitions		-	121,758
Interest receivable		1,386	3,633
Interest payable	6	<u>(372,686)</u>	<u>(309,549)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(220,343)	273,042
Tax on (loss)/profit on ordinary activities	7	<u>37,261</u>	<u>(90,494)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(183,082)	182,548
Dividends		<u>50</u>	-
<b>(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR</b>	17	<u>(183,132)</u>	<u>182,548</u>

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no gains or losses other than the profit shown above for each of the financial years, as reported under the historical cost convention.

The notes on pages 9 to 20 form part of these financial statements.

## BARCLAY & MATHIESON LIMITED

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
(Loss)/profit attributable to shareholders	(183,132)	182,548	(10,717)	97,587
Shareholders' funds at 1 September 1998	<u>2,834,603</u>	<u>2,652,055</u>	<u>2,634,793</u>	<u>2,537,206</u>
Shareholders' funds at 31 August 1999	<u>2,651,471</u>	<u>2,834,603</u>	<u>2,624,076</u>	<u>2,634,793</u>

The notes on pages 9 to 20 form part of these financial statements.

# BARCLAY & MATHIESON LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 1999

	Notes	1999	1998
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	3,262,238	3,015,369
<b>CURRENT ASSETS</b>			
Stocks	10	2,398,539	2,767,821
Debtors	11	5,076,062	6,198,481
Investments	12	2,765	7,126
Cash at bank and in hand		<u>13,282</u>	<u>10,960</u>
		7,490,648	8,984,388
<b>CREDITORS – Amounts falling due within one year</b>	13	<u>(6,102,422)</u>	<u>(6,440,888)</u>
<b>NET CURRENT ASSETS</b>		<u>1,388,226</u>	<u>2,543,500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,650,464	5,558,869
<b>CREDITORS – Amounts falling due after more than one year</b>	14	(1,838,993)	(2,595,217)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(160,000)</u>	<u>(129,049)</u>
<b>NET ASSETS</b>		<u>2,651,471</u>	<u>2,834,603</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	8,600	8,600
Capital redemption reserve		21,400	21,400
Profit and loss account	18	<u>2,621,471</u>	<u>2,804,603</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,651,471</u>	<u>2,834,603</u>

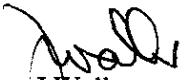
The notes on pages 9 to 20 form part of these financial statements.

# BARCLAY & MATHIESON LIMITED

## BALANCE SHEET AS AT 31 AUGUST 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	- 8	3,238,807	2,034,237
Investments	9	<u>1,691,792</u>	<u>1,830,951</u>
		4,930,599	3,865,188
<b>CURRENT ASSETS</b>			
Stocks	10	2,374,901	1,472,206
Debtors	11	4,989,101	3,662,182
Investments	12	2,765	7,126
Cash at bank and in hand		<u>13,210</u>	<u>9,263</u>
		7,379,977	5,150,777
<b>CREDITORS – Amounts falling due within one year</b>	13	<u>(6,009,996)</u>	<u>(3,688,632)</u>
<b>NET CURRENT ASSETS</b>		<u>1,369,981</u>	<u>1,462,145</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,300,580	5,327,333
<b>CREDITORS – Amounts falling due after more than one year</b>	14	(3,516,504)	(2,575,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(160,000)</u>	<u>(117,540)</u>
<b>NET ASSETS</b>		<u>2,624,076</u>	<u>2,634,793</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	8,600	8,600
Capital redemption reserve		21,400	21,400
Profit and loss account	18	<u>2,594,076</u>	<u>2,604,793</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,624,076</u>	<u>2,634,793</u>

APPROVED BY THE BOARD ON  
26 November 1999

  
J Walker  
DIRECTOR

The notes on pages 9 to 20 form part of these financial statements.



**BARCLAY & MATHIESON LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 1999**

	Notes	1999 £	1998 £
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	19(a)	1,110,253	769,511
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,386	3,633
Interest paid		(372,686)	(309,549)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(371,300)	(305,916)
<b>TAXATION</b>			
Tax (paid)/recovered		(106,546)	110,717
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Sale of tangible fixed assets		41,667	12,799
Sale of current investment		8,873	-
Repayment of loan from employee benefit trust		57,000	178,010
Purchase of tangible fixed assets		(628,308)	(415,404)
		(520,768)	(224,595)
<b>ACQUISITIONS AND DISPOSALS</b>			
Purchase of subsidiary undertaking		-	(1,759,692)
Net overdrafts acquired with subsidiary		-	(383,673)
		-	(2,143,365)
<b>EQUITY DIVIDENDS PAID</b>		(34,400)	(34,400)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		77,239	(1,828,048)
<b>FINANCING</b>			
Term loan advanced		-	1,750,000
Term loan repaid		(580,698)	(405,125)
		(580,698)	1,344,875
<b>DECREASE IN CASH IN THE YEAR</b>	19(c)	(503,459)	(483,173)

The notes on pages 9 to 20 form part of these financial statements.

# **BARCLAY & MATHIESON LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)**

### **1 ACCOUNTING POLICIES**

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the results of the company and its subsidiaries for the year.

Where subsidiary undertakings are acquired during the year the difference between the fair value attributed to the net assets acquired and the fair value of the consideration given is treated as goodwill which is capitalised and amortised on a straight line basis over ten years.

The results of subsidiary undertakings acquired during the year are included in the group profit and loss account from the date of acquisition.

The exemption to omit the parent company's profit and loss account from the group's financial statements has been taken. The loss after tax of the parent company for the financial year was £10,667 (1998 profit - £97,587).

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual values of each asset, other than land, on a straight line basis at the following annual rates:

Buildings	- 2.5%
Vehicles, plant and machinery	- 5% - 25%
Fixtures and fittings	- 5% - 25%

#### **Investments**

Fixed asset investments and current asset investments are stated at cost, less any provision necessary for diminution in value.

#### **Stocks**

Stocks of steel and raw materials are valued at the lower of cost and net realisable value. Cost includes transport inwards and handling charges.

Work-in-progress is valued at the lower of cost and net realisable value. Cost comprises the cost of direct material and labour with an appropriate addition for production overheads.

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### Deferred taxation

Deferred taxation, on timing differences between profits computed for taxation purposes and profits as stated in the financial statements, is provided only where there is reasonable evidence that it will become payable within the foreseeable future.

The costs of pension schemes providing benefits based on final pensionable pay are charged to the profit and loss account so as to spread the cost of pensions evenly over employees' remaining working lives with the group.

### 2 TURNOVER AND ANALYSIS OF PROFIT AND LOSS ACCOUNT

- (a) Turnover, all of which is continuing, represents the aggregate amount receivable in respect of goods sold, excluding value added tax, and arises wholly in the United Kingdom from the group's principal activity of steel stockholding and fabrication.
- (b) Cost of sales, distribution costs and administrative expenses comprise:

	<u>1999</u>	<u>Continuing</u>	<u>1998</u>	
	<u>operations</u>	<u>Operations</u>	<u>Acquisition</u>	<u>Total</u>
	£	£	£	£
Cost of sales	14,429,188	11,062,855	2,957,418	14,020,273
Distribution costs	1,931,052	1,102,271	411,936	1,514,207
Administrative expenses	<u>2,333,455</u>	<u>1,378,927</u>	<u>437,534</u>	<u>1,816,461</u>

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>1999</u>	<u>1998</u>
	£	£
Depreciation of tangible fixed assets	348,305	302,579
Auditors' remuneration in respect of the audit of the group's statutory financial statements	32,903	31,220
Operating lease rentals – hire of vehicles	123,436	118,009
Gain on sale of tangible fixed assets	(11,361)	(11,916)
Contribution to employee benefit trust	50,000	75,000
Loss on sale of current asset investment	<u>2,536</u>	<u>-</u>

Auditors' remuneration in respect of the audit of the company's statutory financial statements amounted to £25,853 (1998 - £19,270).

Fees paid to the auditors in respect of other services provided amounted to £24,000 (1998 - £66,000).

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 4 STAFF COSTS

	<u>1999</u>	<u>1998</u>
	Number	Number
Average number of employees, including directors	<u>188</u>	<u>197</u>
Staff costs, including directors' emoluments, amounted to:	£	£
Wages and salaries	2,943,142	2,380,699
Social security costs	230,520	198,871
Other pension costs (Note 20)	<u>227,289</u>	<u>250,837</u>
	<u>3,400,951</u>	<u>2,830,407</u>

### 5 DIRECTORS' EMOLUMENTS

Directors' emoluments, excluding pension contributions, amounted to £174,931 (1998 - £144,600).

Company contributions paid to money purchase pension schemes in the year were £23,001 (1998 - £23,001).

Retirement benefits are accruing to two directors (1998 - two) under a defined contribution (money purchase) pension scheme and to one director (1998 - one) under a defined benefit scheme.

### 6 INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
	£	£
Interest on bank loans and overdrafts	<u>372,686</u>	<u>309,549</u>

### 7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>1999</u>	<u>1998</u>
	£	£
Based on the (loss)/profit for the year:		
Corporation tax at 21% (1998 - 31.1%)	(54,000)	96,051
Transfer to/(from) deferred taxation (Note 15)	22,351	(1,219)
Adjustments in respect of previous years:		
Transfer from deferred taxation (Note 15)	-	(907)
Overprovision for corporation tax	<u>(5,612)</u>	<u>(3,431)</u>
	<u>(37,261)</u>	<u>90,494</u>

**BARCLAY & MATHIESON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)**

**8 TANGIBLE FIXED ASSETS**

	Land and buildings £	Vehicles, plant and machinery £	Fixtures and fittings £	Total £
<b>Group</b>				
<b>COST</b>				
At 1 September 1998	2,717,792	2,055,779	487,299	5,260,870
Additions	359,257	194,545	74,503	628,305
Disposals	-	(188,250)	-	(188,250)
At 31 August 1999	<u>3,077,049</u>	<u>2,062,074</u>	<u>561,802</u>	<u>5,700,925</u>
<b>DEPRECIATION</b>				
At 1 September 1998	459,900	1,491,737	293,864	2,245,501
Charge for the year	62,614	232,237	53,453	348,304
On disposals	-	(155,118)	-	(155,118)
At 31 August 1999	<u>522,514</u>	<u>1,568,856</u>	<u>347,317</u>	<u>2,438,687</u>
<b>NET BOOK VALUE</b>				
At 31 August 1999	<u>2,554,535</u>	<u>493,218</u>	<u>214,485</u>	<u>3,262,238</u>
At 31 August 1998	<u>2,257,892</u>	<u>564,042</u>	<u>193,435</u>	<u>3,015,369</u>

**BARCLAY & MATHIESON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)**

**8 TANGIBLE FIXED ASSETS (CONTINUED)**

<b>Company</b>	<b>Land and buildings £</b>	<b>Vehicles, plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>COST</b>				
At 1 September 1998	2,082,792	1,209,503	296,780	3,589,075
Additions	359,257	193,870	73,242	626,369
Disposals	-	(176,095)	-	(176,095)
Group transfers (Note 9)	<u>635,000</u>	<u>713,463</u>	<u>186,935</u>	<u>1,535,398</u>
At 31 August 1999	<u>3,077,049</u>	<u>1,940,741</u>	<u>556,957</u>	<u>5,574,747</u>
<b>DEPRECIATION</b>				
At 1 September 1998	452,567	904,268	198,003	1,554,838
Charge for the year	59,947	199,289	47,881	307,117
On disposals	-	(149,040)	-	(149,040)
Group transfers (Note 9)	<u>10,000</u>	<u>515,605</u>	<u>97,420</u>	<u>623,025</u>
At 31 August 1999	<u>522,514</u>	<u>1,470,122</u>	<u>343,304</u>	<u>2,335,940</u>
<b>NET BOOK VALUE</b>				
At 31 August 1999	<u>2,554,535</u>	<u>470,619</u>	<u>213,653</u>	<u>3,238,807</u>
At 31 August 1998	<u>1,630,225</u>	<u>305,235</u>	<u>98,777</u>	<u>2,034,237</u>

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 9 FIXED ASSET INVESTMENTS

Fixed asset investments during the year were as follows:

Company	Investment in subsidiary undertaking £	Amounts due from subsidiary undertaking £	Total £
<b>Cost</b>			
At 1 September 1998	1,760,792	1,371,723	3,132,515
Group transfers	211,000	-	211,000
Repayment of balance by subsidiary undertaking	-	(71,159)	(71,159)
At 31 August 1999	<u>1,971,792</u>	<u>1,300,564</u>	<u>3,272,356</u>
<b>Provisions</b>			
At 1 September 1998 and 31 August 1999	1,000	1,300,564	1,301,564
Group transfers	211,000	-	211,000
Provided in the year	<u>68,000</u>	-	<u>68,000</u>
	<u>280,000</u>	<u>1,300,564</u>	<u>1,580,564</u>
<b>Net book value</b>			
At 31 August 1999	<u>1,691,792</u>	-	<u>1,691,792</u>
At 31 August 1998	<u>1,759,792</u>	<u>71,159</u>	<u>1,830,951</u>

The group's subsidiary undertakings, which are wholly owned and operating within the United Kingdom, are:

	Country of Registration	Class of shares held	Nature of business
Clydeside Steel Fabrications Limited	Scotland	Ordinary	Steel fabricator
B & M Steel Limited	Scotland	Ordinary	Dormant
Tatham Miller Limited	England and Wales	Ordinary	Steel stockholder Dormant since 31 December 1998
Tatham Steels Limited	England and Wales	Ordinary	Dormant
Liverpool Steel Services Limited	England and Wales	Ordinary	Dormant

On 31 December 1998 the trade and assets of Tatham Miller Limited were transferred to Barclay & Mathieson Limited and Tatham Miller Limited has been dormant since that date.

Amounts due to the company from its subsidiary undertakings are subordinated to the rights of all other creditors of these subsidiary undertakings.

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 10 STOCKS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Raw materials	9,272	10,288	-	-
Work-in-progress	14,366	66,106	-	-
Steel stocks	<u>2,374,901</u>	<u>2,691,427</u>	<u>2,374,901</u>	<u>1,472,206</u>
	<u>2,398,539</u>	<u>2,767,821</u>	<u>2,374,901</u>	<u>1,472,206</u>

In the opinion of the directors the replacement cost of stock is not materially different from purchase price or production cost.

### 11 DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
<b>Debtors – amounts falling due within one year</b>				
Trade debtors	3,993,538	5,111,791	3,924,167	2,677,606
Other debtors, prepayments and accrued income	419,524	366,690	401,934	264,576
Loan to employee benefit trust	<u>63,000</u>	<u>57,500</u>	<u>63,000</u>	<u>57,500</u>
	4,476,062	5,535,981	4,389,101	2,999,682
<b>Debtors – amounts falling due after more than one year</b>				
Loan to employee benefit trust	<u>600,000</u>	<u>662,500</u>	<u>600,000</u>	<u>662,500</u>
	<u>5,076,062</u>	<u>6,198,481</u>	<u>4,989,101</u>	<u>3,662,182</u>

The loan to the employee benefit trust is an interest free loan, repayable on demand, to the Ranfurly Trust which holds Barclay & Mathieson Limited shares.

The purpose of establishing the Trust Fund was to improve the motivation, loyalty and performance of the employees of the company.

The potential beneficiaries of the Trust Fund include all employees and directors of the company, and their spouses, children and grandchildren.

Application of the Trust Fund is entirely at the discretion of the trustees of the Fund.



# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 12 CURRENT ASSET INVESTMENTS

Group and Company  
£

All investments are in UK listed companies.

#### **COST**

At 1 September 1998	15,111
Disposals	<u>(11,410)</u>
At 31 August 1999	<u>3,701</u>

#### **PROVISION FOR DIMINUTION IN VALUE**

At 1 September 1998	7,985
Decrease in provision	<u>(7,049)</u>
At 31 August 1999	<u>936</u>

#### **NET BOOK VALUE**

At 31 August 1999	<u>2,765</u>
At 31 August 1998	<u>7,126</u>

### 13 CREDITORS - Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	53,084	88,971
Bank overdrafts	2,394,542	1,888,761	2,281,974	966,057
Current instalments due on bank loan	755,916	580,390	750,000	575,000
Trade creditors	2,419,751	3,035,403	2,393,405	1,434,753
Other taxation and social security	266,922	383,489	264,442	269,286
Other creditors	255,291	361,092	250,091	246,992
Dividend payable	-	34,350	-	34,350
Corporation tax	10,000	122,223	17,000	73,223
Accrued pension	-	35,180	-	-
	<u>6,102,422</u>	<u>6,440,888</u>	<u>6,009,996</u>	<u>3,688,632</u>

The bank overdrafts and loans are secured by a bond and floating charge over the assets of Barclay & Mathieson Limited, Clydeside Steel Fabrications Limited and a debenture over the assets of Tatham Miller Limited. In addition, the parent company guarantees the overdraft of Clydeside Steel Fabrications Limited to the extent of £150,000.

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 14 CREDITORS - Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
<b>Amount owed to subsidiary undertaking</b>				
Due within two to five years	-	-	1,691,504	-
<b>Bank loans</b>				
Due within one to two years	756,739	756,739	750,000	750,000
Due within two to five years	<u>1,082,254</u>	<u>1,838,478</u>	<u>1,075,000</u>	<u>1,825,000</u>
	<u>1,838,993</u>	<u>2,595,217</u>	<u>3,516,504</u>	<u>2,575,000</u>

The amounts falling due after more than one year relate to:

- Bank loan of £13,993 (1998 - £20,217) is repayable in equal monthly instalments of interest and capital over seven years from September 1995.
- Bank loan of £600,000 (1998 - £1,000,000) is repayable in equal quarterly instalments of capital over five years from November 1997.
- Bank loan of £1,225,000 (1998 - £1,575,000) is repayable in equal quarterly instalments of capital over five years from March 1999.

### 15 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group</u>	<u>Company</u>
	<u>1999</u>	<u>1999</u>
Movements on the deferred tax account during the year were as follows:		
At 1 September 1998	129,049	117,540
Transferred from subsidiary undertaking	-	9,000
Transfer to profit and loss account:		
Current year (Note 7)	22,351	24,860
Transfer of ACT to current tax payable	<u>8,600</u>	<u>8,600</u>
At 31 August 1999	<u>160,000</u>	<u>160,000</u>

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 15 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The amounts provided at 30% (1998 – 30%) and total potential liability are:

	<u>Amount provided</u>		<u>Total potential liability</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Excess of capital allowances over depreciation	134,000	134,000	134,000	134,000
Other timing differences	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>
	175,000	175,000	175,000	175,000
Less: taxation losses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>41,000</u>

### 16 CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>8,600</u>	<u>8,600</u>

### 17 PROFIT AND LOSS ACCOUNT

	<u>Group</u>	<u>Company</u>
	£	£
At 1 September 1998	2,804,603	2,604,793
Retained loss for the financial year	<u>(183,132)</u>	<u>(10,717)</u>
At 31 August 1999	<u>2,621,471</u>	<u>2,594,076</u>

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 18 FINANCIAL COMMITMENTS

The group's annual commitments under non-cancellable operating leases were as follows:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Lease expiring within:				
One year	-	-	28,000	-
Two to five years	58,300	52,050	83,799	136,334
Over five years	<u>20,300</u>	<u>54,500</u>	-	-
	<u>78,600</u>	<u>106,550</u>	<u>111,799</u>	<u>136,334</u>

### 19 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### (a) Net cash inflow from operating activities

	<u>1999</u>	<u>1998</u>
	£	£
Reconciliation of the operating profit to net cash inflow from operating activities:		
Operating profit	150,957	578,958
Depreciation	348,305	302,579
Gain on disposal of fixed tangible assets	(8,533)	(11,915)
Increase/(decrease) in provision against current asset investments	(7,049)	924
Loss on sale of current asset investments	2,536	-
Decrease in stocks	369,282	378,892
Decrease in debtors	1,127,955	839,235
(Decrease) in creditors	<u>(873,200)</u>	<u>(1,319,162)</u>
Net cash inflow from operating activities	<u>1,110,253</u>	<u>769,511</u>

#### (b) Reconciliation of net cash flow to movement in net debt

	<u>1999</u>	<u>1998</u>
	£	£
Decrease in cash in the year	(503,459)	(483,173)
Cash inflow from increase in debt	-	(1,750,000)
Repayment of loan	<u>580,698</u>	<u>405,125</u>
Change in net debt	77,239	(1,828,048)
Net debt at 1 September	<u>(5,053,408)</u>	<u>(3,225,360)</u>
Net debt at 31 August	<u>(4,976,169)</u>	<u>(5,053,408)</u>

# BARCLAY & MATHIESON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999 (CONTINUED)

### 19 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

#### (c) Analysis of change in net debt

	At 1 September <u>1998</u> £	Cash flows £	At 31 August <u>1999</u> £
Cash in hand, at bank	10,960	2,322	13,282
Overdraft	<u>(1,888,761)</u>	<u>(505,781)</u>	<u>(2,394,542)</u>
	(1,877,801)	(503,459)	(2,381,260)
Debt due within one year	(580,390)	(175,526)	(755,916)
Debt due after one year	<u>(2,595,217)</u>	<u>756,224</u>	<u>(1,838,993)</u>
	<u>(5,053,408)</u>	<u>77,239</u>	<u>(4,976,169)</u>

### 21 PENSION SCHEMES

The group operates two pension schemes, the No 1 scheme providing benefits based on final pensionable pay and the No 2 scheme, a money purchase scheme. The assets of the schemes are held separately from those of the group, being invested by professional investment managers.

The contributions to the No 1 scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The principal assumptions adopted are an interest rate of 9%, salary growth rate of 7% and a dividend growth rate of 5%.

The most recent valuation was completed at 1 September 1998 and showed the market value of the scheme's assets was £2,235,000 and that the actuarial value of those assets represented 116.6% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The total pension charge for the year for all arrangements was £227,289 (1998 - £250,837). At 31 August 1999 there are amounts recorded in other debtors representing payment of contributions in advance of £236,058 (1998 - £144,138).