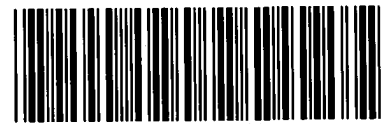


Barclay & Mathieson Limited

Report and Financial Statements

for the year ended 31 December 2015

TUESDAY



S5DH7GNS

SCT

16/08/2016

#188

COMPANIES HOUSE

Barclay & Mathieson Limited

Report and financial statements 2015

Contents

Officers and professional advisers	1
Strategic report	2-3
Directors' report	4-5
Directors' responsibilities statement	6
Independent auditor's report	7-8
Income Statement	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Financial Position	12
Notes to the financial statements	13-35

Barclay & Mathieson Limited

Report and financial statements 2015

Officers and professional advisers

Directors

Ronald Robinson
Michael Anthony Welden
Alastair Macphie
Jean-Pierre Lajarige
Michael Robert Lambert
Andrew Cyril Guy

Registered office

180 Hardgate Road
Glasgow
G51 4TB

Principal bankers

PNC Business Credit
PNC House
34-36 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN

Independent Auditor

Ernst & Young LLP
G1, 5 George Square
Glasgow
G2 1DY

Barclay & Mathieson Limited

Registered No. SC 30987

Strategic Report

The directors submit their annual Strategic report of the Company for the year ended 31 December 2015.

Business review and principal activities

The Company's principal activity is as steel stockholders, operating from 14 locations throughout the UK. There have been no significant changes in the Company's principal activity in the year to 31 December 2015. The directors are not aware at the date of this report, of any likely changes in the Company's activity in the coming year.

As shown in the profit and loss account on page 9, sales by the Company fell by 5.8% but gross profit held level with the 12 months to 31 December 2014 meaning that the company remained profitable.

In general steel prices and demand remained fairly flat throughout the course of the year and although the general economy is starting to improve, conditions are still relatively difficult.

The directors have paid a dividend of £400,000 for the year (2014: £nil). The profit after taxation for the financial period was £2,307,556 (2014: profit £1,941,672).

The balance sheet on page 12 of the financial statements shows that the Company's financial position at the yearend in net asset terms has increased from the previous year from £17,476,293 to £30,768,362. The principal reason for the increase is due to the purchase of Barclay & Mathieson Ltd by MBM Group Services Ltd. MBM Group services made a capital contribution of £10,193,022 which was the settlement of debt on behalf of the company.

On 20 March 2015, 100% of the share capital of the Company was purchased by MBM Group Services Ltd. There are no changes to the day to day running of the business and the purchase by MBM Group Services Ltd ends a period of uncertainty for the Company as a result of its previous ownership.

On 18 December 2015, Barclay & Mathieson Ltd acquired 100% of the share capital of Alcyon Capital Management Ltd (ACML). This acquisition will allow Barclay & Mathieson to open a new depot in Kent, expanding into an area where it currently has no coverage.

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 principal risk and uncertainty at the current time relates to the level of general economic activity in UK and world terms. This is a risk common to most companies at the current time. The Company has a very wide customer base in terms of activity and size. It also has a range of suppliers and so has no concerns regarding continuity of supply. Given these factors, the directors consider that the company is well placed to withstand and prosper in the current conditions when compared to competitors.

Other key business risks affecting the Company are considered to relate to competition from national suppliers, employee retention and product availability and price.

Future outlook

As at the date of this report economic conditions remain similar to 2015, however, further supply led price increases are expected in the coming months which will impact positively on overall performance. The Directors are confident that the Company will continue to be profitable in 2016, and is well placed to take advantage of an upturn in demand.

Credit and Liquidity Risk

The Company's principal financial assets are trade debtors. The Company has no significant concentration of credit risk with a single counterparty as exposure is spread over a number of counterparties.

The Company's principal financial liabilities are its bank loan and trade creditors.

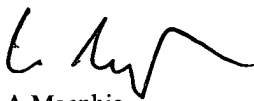
Barclay & Mathieson Limited
Registered No. SC 30987

Strategic Report

Key performance indicators (“KPIs”)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs, beyond the primary financial measures including turnover and profitability, is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board of Directors and signed on behalf of the Board



A Macphie
9 August 2016

Barclay & Mathieson Limited

Registered No. SC 30987

Directors' Report

The directors submit their annual report and the audited financial statements of the Company for the year ended 31 December 2015. The directors have adopted FRS 102 for the first time and these accounts reflect the move to the new accounting standards.

Directors

The directors of the Company, who served in the year and to the date of this report were:

Nicholas Watson (resigned 8 June 2015)
Alastair Macphie
Ronald Robinson (appointed 19 March 2015)
Michael Anthony Welden (appointed 19 March 2015)
Jean-Pierre Lajarige (appointed 25 August 2015)
Andrew Cyril Guy (appointed 7 March 2016)
Michael Robert Lambert (appointed 25 August 2015)

Results and dividend

The directors have paid a dividend of £400,000 for the year (2014: £nil). The profit after taxation for the financial period was £2,307,556 (2014: profit £1,941,672).

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Information contained within the strategic report

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 2 and 3:

- information on financial risk management and policies; and
- information regarding future developments of the business.

Going Concern

In the prevailing economic conditions all companies must give careful consideration as to whether it is reasonable to use the going concern basis of accounting. Under the new borrowing facilities due to new ownership, the Company has adequate cash resources and borrowing facilities to meet demands in the coming year, and the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the reports and accounts.

Barclay & Mathieson Limited
Registered No. SC 30987

Directors' Report

Independent auditor

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



A Macphie
9 August 2016

Barclay & Mathieson Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED

We have audited the financial statements of Barclay & Mathieson Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 25. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 report and financial statements 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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED (Continued)

Matters on which we are required to report by exception

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

- 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.

Ernst & Young LLP

Janie McMinn (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Glasgow, United Kingdom

9 August 2016

Barclay & Mathieson Limited

Income Statement Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	59,391,839	63,068,135
Cost of sales		(48,442,699)	(52,104,998)
Gross profit		10,949,140	10,963,137
Operating expenses	4	(7,804,515)	(8,276,757)
Operating profit		3,144,625	2,686,380
Net interest payable and similar charges	8	(544,124)	(640,177)
Other finance income	21	(45,000)	-
Profit on ordinary activities before taxation	5	2,555,501	2,046,203
Income tax expense on continuing operations	9	(247,945)	(104,531)
Profit on ordinary activities after taxation	19	<u>2,307,556</u>	<u>1,941,672</u>

The results above are derived solely from continuing operations.

The accompanying notes 1 - 25 form an integral part of these financial statements.

Barclay & Mathieson Limited

Statement of Comprehensive Income As at 31 December 2015

	Note	2015 £	2014 £
Profit on ordinary activities after taxation		2,307,556	1,941,672
Actuarial gain/(loss) relating to the pension scheme	21	1,032,000	(1,687,000)
UK deferred tax attributable to revaluation reserve	16	(166,130)	38,400
UK deferred tax attributable to the actuarial gain/(loss)	21	<u>(206,400)</u>	<u>354,270</u>
Total other comprehensive income/(loss) for the year		<u>659,470</u>	<u>(1,294,330)</u>
Total comprehensive income in the year		<u><u>2,967,026</u></u>	<u><u>647,342</u></u>

Total comprehensive income for the financial year attributable to:

Owners of the parent	2,967,026	647,342
Non-controlling interests	-	-

Barclay & Mathieson Limited

Statement of changes in equity Year ended 31 December 2015


	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Capital contribution £	Profit and loss account £	Total £
At 1 January 2014	8,600	21,400	3,840,029	-	12,997,305	16,867,334
Profit for the year	-	-	-	-	1,941,672	1,941,672
Actuarial loss on pension deficit	-	-	-	-	(1,237,930)	(1,237,930)
Recognition of deferred tax on revaluation reserve	-	-	-	-	(806,406)	(806,406)
Movement on deferred tax relating to revaluation reserve	-	-	-	-	38,400	38,400
Recognition of deferred tax on rollover gains	-	-	-	-	(49,586)	(49,586)
Movement on deferred tax relating to pension deficit	-	-	-	-	(94,783)	(94,783)
At 31 December 2014	8,600	21,400	3,840,029	-	12,788,672	16,658,701
Profit for the year	-	-	-	-	2,307,556	2,307,556
Actuarial gain on pension deficit	-	-	-	-	1,032,000	1,032,000
Movement on deferred tax relating to pension deficit	-	-	-	-	(206,400)	(206,400)
Movement on deferred tax relating to revaluation reserve	-	-	-	-	(166,130)	(166,130)
Gain on revaluation of properties	-	-	1,349,613	-	-	1,349,613
Capital Contribution on purchase by MBM	-	-	-	10,193,022	-	10,193,022
Dividend distributed	-	-	-	-	(400,000)	(400,000)
At 31 December 2015	<u>8,600</u>	<u>21,400</u>	<u>5,189,642</u>	<u>10,193,022</u>	<u>15,355,698</u>	<u>30,768,362</u>

Barclay & Mathieson Limited

Statement of financial position At 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible fixed assets	10	13,476,991	14,075,282
Investments	11	3,553,251	53,251
		<u>17,030,242</u>	<u>14,128,533</u>
Current assets			
Stocks	12	7,850,279	11,314,787
Debtors	13	29,117,331	12,203,169
Cash at bank and in hand		112,227	1,551,746
		<u>37,079,837</u>	<u>25,069,702</u>
Creditors: amounts falling due within one year	14	(14,546,252)	(20,484,012)
Net current assets		<u>22,533,585</u>	<u>4,585,690</u>
Total assets less current liabilities		39,563,827	18,714,223
Creditors: amounts falling due after more than one year	15	(7,914,653)	-
Deferred Tax Liability	16	(880,812)	(488,522)
Pension deficit	21	-	(1,567,000)
Net assets		<u>30,768,362</u>	<u>16,658,701</u>
Capital and reserves			
Called up share capital	17	8,600	8,600
Capital redemption reserve	18	21,400	21,400
Revaluation reserve	18	5,189,642	3,840,029
Capital Contribution	18	10,193,022	-
Profit and loss account	19	15,355,698	12,788,672
Shareholders' funds	20	<u>30,768,362</u>	<u>16,658,701</u>

The financial statements were approved by the Board of Directors on 9 August 2016 and were signed on its behalf by:


A Macphie
Director

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

1. Accounting policies

Company Information

Barclay & Mathieson Ltd is a private limited company, incorporated in the United Kingdom and its registered office is 180 Hardgate Road, Glasgow, G51 4TB.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2015. The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance has been given in note 24.

The financial statements are presented in Sterling (£) and the functional currency is also Sterling (£).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going Concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Turnover

Turnover represents the invoiced amount of goods sold and services provided net of value added tax and is generated in the UK.

Revenue arising from the sales of steel is recognised when the risks and rewards of ownership have substantially passed to the customer.

Pensions

The Company operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified independent actuary, the rate of contribution payable being determined by the actuary. In accordance with FRS 102 the service cost of pension provision relating to the year, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Company's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the statement of other comprehensive income.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of other comprehensive income along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 21 to the financial statements.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension cost is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transactions or if hedged at the forward contract rate.

Monetary assets and liabilities denominated in currencies other than sterling are translated at the effective rate of exchange ruling at 31 December, and gains or losses on translation are included in the income statement.

Tangible fixed assets

Fixed assets are stated at cost less provision for depreciation and any impairment. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, with the exception of land, over their expected useful lives:

Buildings	40 years
Vehicles, plant and machinery	4 – 10 years
Fixtures and fittings	4 – 10 years

Revaluation of properties

Individual freehold and leasehold properties are revalued in accordance with FRS 102 with the surplus or deficit on book value transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the income statement. A deficit which represents a clear consumption of economic benefits is charged to the income statement regardless of any such previous surplus.

On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions for impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes transport inwards. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

The cost of operating leases is charged to income statement on a straight line basis over the life of lease term.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

1. Accounting policies (continued)

Cash Flow Statement

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow.

A cash flow statement is incorporated in the consolidated financial statements of MBM Group Services Ltd, the ultimate parent company, see Note 25.

Basic financial instruments

Cash and Cash Equivalents

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

Short-term debtors and creditors

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

Interest-bearing loans and borrowings

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

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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.

In preparing these financial statements, the directors have made the following judgements:

Leasing

Determining whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on the evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Carrying value of stocks

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Recoverability of trade debtors (continued)

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the income statement.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated taxation based on estimates of whether additional taxes will be due and after taking professional advice where appropriate. Management estimation is required to determine the amount of any deferred tax asset that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

3. Analysis of turnover

The Company operates in only one principal class of business. The turnover of the company for the year has been derived from its principal activity.

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	59,285	62,911
Rest of Europe	107	157
	<hr/> 59,392	<hr/> 63,068

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

4. Operating expenses

	2015 £	2014 £
Administrative expenses	3,163,283	3,950,228
Distribution expenses	4,641,232	4,326,529
	<u>7,804,515</u>	<u>8,276,757</u>

5. Profit on ordinary activities before taxation

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	650,964	641,559
Auditor remuneration – audit services	30,000	30,500
Auditor remuneration – non-audit services	20,000	-
Operating lease rentals – land and buildings	920,000	164,490
Gain on sale of tangible fixed assets	(2,578,517)	(6,850)
Rental income	<u>164,683</u>	<u>222,975</u>

During the year, the company sold a property on a sale and leaseback agreement which resulted in a gain of £2,550,794.

6. Staff Costs

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2015 No	2014 No
Sales and administration	114	116
Transport and warehousing	<u>105</u>	<u>101</u>
	<u>219</u>	<u>217</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

6. Staff Costs (continued)

	2015 £	2014 £
Wages and salaries	6,062,961	5,678,501
Social security costs	547,451	527,321
Other pensions costs	274,987	254,345
	<u>6,885,399</u>	<u>6,460,167</u>

7. Directors' emoluments

Directors' emoluments, excluding pension contributions, amounted to £336,905 (2014 - £245,754).

Company contributions paid to money purchase schemes in the year were £40,401 (2014 - £47,027). Retirement benefits are accruing to three directors (2014 - 2) under a defined contribution (money purchase) pension scheme and to no directors (2014 - Nil) under a defined benefit scheme.

Total emoluments attributable to the highest paid director were £126,965 (2014 - £160,159). Company contributions paid to a money purchase pension scheme in respect of the highest paid director were £7,481 (2014 - £40,277). No benefits are accruing to him under a defined benefits scheme.

Two other directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2014: £nil).

8. Net interest payable and similar charges

	2015 £	2014 £
Interest on bank loans and overdrafts	673,449	469,294
Interest payable on intercompany loan	164,736	175,658
Less:		
Bank interest received	(1,579)	(4,775)
Interest receivable on intercompany loan	(292,482)	-
	<u>544,124</u>	<u>640,177</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

9. (a) Tax charged in the income statement

	2015	2014
	£	£
<i>Current income tax</i>		
Corporation Tax	228,185	-
Adjustment to prior periods	-	79,331
Total current income tax	228,185	79,331
Deferred tax		
Origination and reversal of temporary differences	9,048	25,200
Effect of decreased tax rate on opening balance	10,712	-
Prior period adjustment	-	-
Total deferred tax charge	19,760	25,200
Tax expense in the income statement	247,945	104,531
(b) Tax relating to items charged or credited to other comprehensive income		
Current tax	-	-
Deferred tax:		
Pension – Deferred tax attributable to actuarial gains/(losses)	206,400	(354,270)
Deferred tax attributable to revaluation reserve	166,130	(38,400)
Tax expense/(credit) in the statement of other comprehensive income	372,530	(392,670)

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

9. Tax (continued)

(c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%). The differences are reconciled below:

	2015 £	2014 £
Profit from continuing operations before taxation	2,555,501	2,046,203
Tax at 20.25% (2014: 21.50%)	517,401	439,906
Effects of:		
Expenses not deductible for tax purposes	111,279	3,350
Adjustment for difference between corporation tax and deferred tax rate	(2,251)	(600)
Permanent difference in respect of building depreciation	50,586	62,020
Group relief received for nil consideration	-	(469,386)
Rate change adjustments	10,712	-
Recognition of deferred tax asset	(164,128)	-
Difference between accounting gain and taxable gain on property	(275,654)	-
Unrecognised deferred tax	-	(10,090)
Adjustment in respect of prior years – income tax	-	79,331
	<u>247,945</u>	<u>104,531</u>

(d) Unrecognised tax losses

The company has no unrecognised tax losses.

(e) Change in corporation tax rate

The Finance Act (No.2) 2015, which was substantively enacted on 26 October 2015, includes legislation reducing the main rate of corporation tax from 20% to 18%. This decrease is to be phased in with a reduction to 19% effective from 1 April 2017 and a reduction to 18% effective from 1 April 2020. Subsequently, the Budget 2016 proposed a change to reduce this rate further to 17% from 1 April 2020.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

9. Tax (continued)

(f) Deferred tax

2015	2014
£	£

The deferred tax included in the company balance sheet is as follows:

Deferred tax liability

Accelerated capital allowances	-	-
Revaluation reserve	934,136	768,006
Rolled over gains	44,628	49,586

--	--

978,764	817,592
---------	---------

Deferred tax asset

Decelerated capital allowances	89,663	-
Other temporary differences	8,289	-
Pension	-	329,070

--	--

97,952	329,070
--------	---------

Deferred tax liability

880,812	488,522
---------	---------

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

10. Tangible fixed assets

	Land and buildings £	Vehicles, plant and machinery £	Fixtures & fittings £	Total £
Cost or valuation				
As at 1 January 2015	13,501,266	4,412,148	793,869	18,707,283
Revaluation	2,270,083	-	-	2,270,083
Additions	-	426,544	195,657	622,201
Disposals	(2,650,000)	(315,165)	(113,224)	(3,078,389)
At 31 December 2015	13,121,349	4,523,527	876,302	18,521,178
Depreciation				
At 1 January 2015	471,779	3,413,588	746,634	4,632,001
Charge for the year	249,849	342,712	58,403	650,964
Impairment of Revaluation	235,053	-	-	235,053
Disposals	(99,375)	(261,232)	(113,224)	(473,831)
At 31 December 2015	857,306	3,495,068	691,813	5,044,187
Net book amount				
At 31 December 2015	12,264,043	1,028,458	184,489	13,476,991
At 31 December 2014	13,029,487	998,558	47,235	14,075,282

The most recent professional valuation of freehold land and buildings was in May 2015. The valuation was done on an Existing Use Value basis by Colliers International Valuation UK LLP and there was no impact on the income statement.

In August 2015, the Winchester property was sold on a sale and leaseback basis.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

11. Fixed asset investments

	2015 £	2014 £
Subsidiary undertakings	<u>3,553,251</u>	<u>53,251</u>
		Investment in subsidiary undertaking £
Cost		
At 1 January 2015		1,812,756
Additions		<u>3,500,000</u>
At 31 December 2015		5,312,756
Provisions for impairment		
At 1 January 2015 and 31 December 2015		(1,759,505)
Net book amount 31 December 2015		<u><u>3,553,251</u></u>

The Company's subsidiary undertakings, which are wholly owned within the United Kingdom, are:

	Country of registration	Class of shares held	Nature of business	Profit/Loss for the year £	Net assets/(liabilities) £
B & M Steel Limited	England and Wales	Ordinary	Dormant	-	(1,300,564)
Tatham Miller Limited	England and Wales	Ordinary	Dormant	-	1,691,505
Tatham Steels Limited	England and Wales	Ordinary	Dormant	-	210,000
Liverpool Steel Services Limited	England and Wales	Ordinary	Dormant	-	1,000
Clydeside Steel Fabrications Limited	Scotland	Ordinary	Steel fabrication	-	-
Alcyon Capital management Limited	England and Wales	Ordinary	Financial Services holding company	-	47,695

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

11. Fixed asset investments (continued)

On 18 December 2015, Barclay & Mathieson Ltd acquired 100% of the share capital of Alcyon Capital Management Ltd for a consideration of £3,500,000, including £1,500,000 deferred consideration

Analysis of the acquisition of Alcyon Capital Management Ltd:

Net Assets at date of acquisition –

	Book value £
Investment property	1,044,600
Cash	20,837
Creditors due within one year	(17,742)
Net Assets	<u>1,047,695</u>

There is no revenue or profit to be recognised due to the date of acquisition being at yearend.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

12. Stocks

	2015 £	2014 £
Finished goods and goods for resale	7,850,279	11,314,787

In the opinion of the directors, the net realisable value of stock is not materially different from purchase price or production cost.

Stock recognised in cost of sales during the year as an expense was £43,659,359 (2014: £47,839,801)

13. Debtors

	2015 £	2014 £
Due within one year		
Amounts due from parent company	18,666,774	43,511
Trade debtors	9,456,114	11,094,421
Other debtors, prepayments and accrued income	994,443	1,020,237
Corporation tax	-	45,000
	<u>29,117,331</u>	<u>12,203,169</u>

The Intercompany loan earns interest at Bank of England base plus 1.5%, is secured and is repayable on demand.

14. Creditors

Amounts falling due within one year

	2015 £	2014 £
Amounts due to group undertakings	116,333	13,381,069
Bank overdrafts	6,880,431	-
Term loan (note 15)	1,034,484	-
Trade creditors	2,687,840	5,789,422
Other taxation and social security	559,129	292,689
Other creditors and accruals	3,039,850	1,020,832
Corporation tax	228,185	-
	<u>14,546,252</u>	<u>20,484,012</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

14. Creditors

Amounts falling due within one year(continued)

Included within other creditors and accruals is deferred consideration of £1.5m which relates to the £3.5m purchase of Alcyon Capital Management Ltd. The total purchase price is £3.5m with £2m paid on 18 December 2015.

15. Creditors

Amounts falling due after more than one year

	2015	2014
	£	£
MBM Loan Notes	1,000,000	-
Term Loan	6,914,653	-
	<u>7,914,653</u>	<u>-</u>

Bank loans are repayable as follows:

	2015	2014
	£	£
Wholly repayable within five years	7,949,137	-
Not wholly repayable within five years	1,000,000	-
	<u>8,949,137</u>	<u>-</u>

PNC Business Credit provides both a term loan and working capital facility to Barclay & Mathieson Ltd in an agreement that began on 20 March 2015. The term loan is secured over 10 properties and is repayable in equal monthly instalments with a final repayment of the balance due at the end of the 5 year period. The interest rate is 2.75% above base rate and is due for repayment on 20 March 2020.

The working capital facility is secured over the stock and trade debtors.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

16. Deferred Tax Liability

	2015 £	2014 £
At 1 January 2015		
Current	-	-
Non-current	(488,522)	(855,992)
	(488,522)	(855,992)
Movement during the year:		
Income Statement	(19,760)	(25,200)
Statement of comprehensive income	(372,530)	392,670
	<u>(880,812)</u>	<u>(488,522)</u>
At 31 December 2015	<u>(880,812)</u>	<u>(488,522)</u>
Analysed as:		
Current	-	-
Non-current	(880,812)	(488,522)
	<u>(880,812)</u>	<u>(488,522)</u>

17. Called up share capital

	2015 £	2014 £
Authorised, allotted, and fully paid 8,600 ordinary shares of £1 each	<u>8,600</u>	<u>8,600</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

18. Other reserves

	Capital contribution £	Capital redemption reserve £	Revaluation reserve £
At 1 January 2015	-	21,400	3,840,029
Property Revaluation	10,193,022	-	1,349,613
At 31 December 2015	<u>10,193,022</u>	<u>21,400</u>	<u>5,189,642</u>

Share Capital

Represents the nominal value of shares that have been issued.

Capital Redemption Reserve

This reserve records the nominal value of shares repurchased by the company.

Revaluation Reserve

The reserve represents the revaluation of the company's freehold property.

Capital Contribution

Represents debt that was paid off on purchase by MBM Group Services Ltd.

Profit and loss account

Represents all current and prior period retained profit and losses.

19. Profit and loss account

	2015 £	2014 £
At 1 January 2015	12,788,672	12,997,305
Actuarial gain/(loss) on pension deficit	1,032,000	(1,237,930)
Movement on deferred tax on revaluation reserve	(166,130)	(768,006)
Movement on deferred tax on rollover gains	-	(49,586)
Movement on deferred tax relating to pension deficit	(206,400)	(94,783)
Dividends distributed	(400,000)	-
Profit for the financial year	<u>2,307,556</u>	<u>1,941,672</u>
At 31 December 2015	<u>15,355,698</u>	<u>12,788,672</u>

The company declared and paid a dividend of £400,000 (2014: £nil) representing £46.51 per share.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

20. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Total recognised profit/(loss) for the year	2,567,026	647,359
Capital Contribution	10,193,022	-
Revaluation Reserve	1,349,613	-
Opening shareholders' funds	16,658,701	16,011,342
Closing shareholders' funds	30,768,362	16,658,701

21. Pension scheme

The Company operates one pension scheme, the Barclay & Mathieson Limited Retirement and Death Benefits Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested by professional investment managers. An actuarial valuation of the pension scheme was carried out at 1 September 2013 by a qualified independent actuary. The scheme was closed to new members in May 2005 and closed to future accrual for current members on 1 May 2012.

Following the triennial valuation in September 2013, the Company have agreed to make contributions over a fixed period to the Pension Scheme as part of the ongoing recovery plan. Contributions to the scheme in 2015 were £580,000 and contributions of £400,000 are expected to be made to the scheme in 2016.

In deciding upon the foregoing contribution levels of the Company it considered the cost accrual of future benefits on the assumptions underlying the FRS 102 calculations. By setting the contributions at the levels chosen, the Company anticipated that the agreed contributions would be in excess of the cost of the accruing FRS 102 based liability.

The major assumptions used for the actuarial valuation were:

	2015	2014
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment accrued	2.90%	2.90%
Rate of revaluation of deferred pensions in excess	2.05%	2.00%
Discount rate – non pensioners	3.80%	3.50%
Discount rate – pensioners	3.80%	3.50%
Inflation assumption	3.05%	3.00%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

21. Pension scheme (continued)

	2015 Years	2014 Years
Retiring today		
Male	21.3	21.5
Female	23.3	23.7
Retiring in 20 years		
Male	23.0	23.2
Female	25.2	25.6

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	%	2015 £'000	%	2014 £'000
Equities	5.40	10,600	5.40	9,884
Bonds	2.40	5,579	2.40	5,371
Other	2.40	1,199	2.40	1,005
Total fair value of assets		17,378		16,260
Present value of scheme liabilities		(16,787)		(17,827)
Surplus not recognised		(591)		-
Deficit in the scheme		-		(1,567)

Movements in present value of defined benefit obligations were as follows:

	2015 £'000	2014 £'000
Scheme liabilities at start period	17,827	15,369
Interest cost	617	679
Actuarial losses	(1,230)	2,340
Benefits paid	(427)	(561)
Scheme liabilities at end of period	16,787	17,827

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

21. Pension scheme (continued)

Movements in the fair value of the scheme assets were as follows:

	2015 £'000	2014 £'000
Fair value of scheme assets at start of period	16,260	15,663
Expected return on scheme assets	572	695
Actuarial gains	393	343
Contributions by the company	580	120
Benefits paid	(427)	(561)
Fair value of scheme assets at end of period	<u>17,378</u>	<u>16,260</u>

The amounts recognised in the profit and loss account and the statement of total recognised gains and losses for the year are charged as follows:

Recognised in income statement:

	2015 £'000	2014 £'000
Contributions by the company	<u>-</u>	<u>-</u>
Interest on pension scheme liabilities	45	-
Total recognised in the income statement	<u>45</u>	<u>-</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

21. Pension scheme (continued)

Recognised in statement of other comprehensive income:

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	393	343
Experience gains and losses arising on the scheme liabilities	102	(251)
Changes in the assumptions underlying the present value of the scheme liabilities	1,128	(2,089)
Surplus not recognised	(591)	310
Remeasurement gains and losses recognised in other comprehensive income	1,032	(1,687)

History of experience gains and lossess

	Year ended 31 Dec 2015 £'000	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000	Period to 31 Dec 2012 £'000	Year ended 31 Dec 2011 £'000
Fair value of scheme assets	17,378	16,260	15,663	14,186	12,703
Present value of scheme liabilities	(16,787)	(17,827)	(15,369)	(15,091)	(13,994)
Surplus not recognised	(591)	-	(294)	-	-
(Deficit)/Surplus in the scheme	-	(1,567)	--	(905)	(1,291)
Difference between the expected and actual return on the scheme	393	343	1,313	1,091	(1,192)
Experience gains/(losses) on scheme liabilities	102	(251)	(11)	(80)	175

The Company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £274,987 (31 December 2014: £254,345).

The surplus has not been recognised as the company believes it will not benefit from reduced future contributions to the scheme.

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

22. Related party transactions

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publically available, the company has taken advantage of FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings.

23. Operating lease commitments

At 31 December 2015 the Company was committed to making the following payments in respect of operating leases:

	2015 Land and Buildings £	Other £	2014 Land and Buildings	Other £
Operating leases which expire:				
Within one year	920,000	220,939	164,490	69,292
Within two to five years	2,097,500	345,147	-	132,013
Later than 5 years	2,774,333	22,783		
	<u>5,791,833</u>	<u>588,869</u>	<u>164,490</u>	<u>201,305</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

24. Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative prior year amounts.

Explanations

Changes for FRS 102 adoption

Transition to FRS 102 – reconciliations

Restated company statement of financial position	Explanation	31 December 2014	1 January 2014 £
Original shareholders' funds		16,620,301	16,867,334
Other finance income adjustment	1	(205,000)	-
Deferred tax on other finance income	1	43,050	-
Deferred tax on revaluation reserve	2	-	(806,406)
Restatement of deferred tax on revaluation reserve	2	38,400	-
Deferred tax on rollover gains	3	-	(49,586)
Movement in Actuarial Loss	1	161,950	-
		<u>16,658,701</u>	<u>16,011,342</u>

Restated profit or loss for the year ended 31 December 2014

	Explanation	31 December 2014 £
Original profit on ordinary activities before tax		2,251,203
Remove Other Finance Income	1	<u>(205,000)</u>
		<u>2,046,203</u>
Original tax on ordinary activities		(147,581)
Deferred tax on Other Finance Income	1	<u>43,050</u>
Restated tax on profit on ordinary activities		<u>(104,531)</u>
Restated profit for the financial year		<u>1,941,672</u>

Barclay & Mathieson Limited

Notes to the financial statements At 31 December 2015

24. Transition to FRS 102 (continued)

1. The cost of a defined benefit plan that is recognised in the profit or loss account is measured differently under FRS 102 to that under FRS 17. The expected return on assets assumption will be replaced by the discount rate leading to an increase in the cost of a defined benefit plan recognised in the profit and loss.
2. Under FRS 102, deferred tax on revaluation reserve should be recognised as a liability on the balance sheet. In 2014, the corporation tax rate moved from 21% to 20% resulting in an additional movement in the liability.
3. Under FRS 102, deferred tax on rolled over gains on property sales should be recognised as a liability on the balance sheet.

25. Ultimate parent company

At 31 December 2015, the Company was a subsidiary undertaking of MBM Group Services Limited, a Company registered in England and Wales. As noted on page 4 in the Directors Report, the Company was purchased by MBM Group Services Ltd on 20 March 2015. MBM Group Services Limited (09453951) is registered at c/o Simmons Gainsford LLP, 7-10 Chandos Street, Cavendish Square, London, W1G 9DQ.