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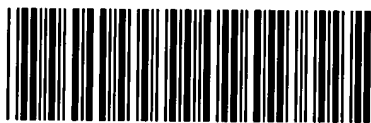
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BARCLAY & MATHIESON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BARCLAY & MATHIESON LIMITED

COMPANY INFORMATION

Directors	Ronald Robinson Michael Anthony Welden Alastair Macphie Jean-Pierre Lajarige Michael Robert Lambert Andrew Cyril Guy
Registered number	SC030987
Registered office	180 Hardgate Road Glasgow Scotland G51 4TB
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 7-10 Chandos Street London W1G 9DQ
Bankers	PNC Business Credit PNC House 34-36 Perrymount Road Haywards Heath West Sussex RH16 3DN

BARCLAY & MATHIESON LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9 - 10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 33

BARCLAY & MATHIESON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors submit their annual Strategic Report of the Company for the year ended 31 December 2016.

Business review

The Company's principal activity is as steel stockholders, operating from 14 locations throughout the UK. There have been no significant changes to the Company's principal activity in the year to 31 December 2016. The directors are not aware at the date of the report, of any likely changes in the Company's activity in the coming year.

The Directors are pleased with the results for the year and with the company's financial position at the year end. The company made profit before tax of £1,473,273 (2015 £2,555,501).

However, the 2015 results included one off restructuring costs and profit on property transactions resulting in a net gain of £644,000, while 2016 results included further restructuring costs and property transactions resulting in one off net costs of £472,000. Removing the effects of these, underlying trading profit improved slightly in 2016 compared to the previous year.

The directors have not paid a dividend for the year (2015: £400,000). The profit after taxation for the financial period of £1,169,626 (2015: profit £2,307,556) has been transferred to reserves.

The balance sheet on page 9 and 10 of the financial statements demonstrates a strong financial position at the year end.

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. Competition remains fierce in a tight market. By continuing to focus on our core value of excellent customer service, we will continue to prosper and grow the profits of the business in the future.

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.

Interest rate risk

The Company monitors the financial risk of interest rate movements on a regular basis and any impact this would have on profitability. The Company is well placed to deal with any interest rate increases as they may arise.

Amounts owed from group undertakings are monitored and actively managed on a monthly basis to ensure these are at a level that is acceptable for all parties involved.

BARCLAY & MATHIESON LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Financial key performance indicators

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.

Future developments

As at the date of this report, the Company continues to perform well. Economic conditions have been reasonably good in the early part of 2017. However the directors remain vigilant as to the risks facing the business and strive to ensure the Company is ready to react quickly to market changes.

This report was approved by the board on

12/6/2017

and signed on its behalf.



Alastair Macphie
Director

BARCLAY & MATHIESON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors

The directors who served during the year were:

Ronald Robinson
Michael Anthony Welden
Alastair Macphie
Jean-Pierre Lajarige
Michael Robert Lambert
Andrew Cyril Guy (appointed 7 March 2016)

Results and dividends

The profit for the year, after taxation, amounted to £1,169,626 (2015 - £2,307,556).

Matters covered in 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 1 and 2:

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

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 for the Company's financial statements 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;
- 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.

BARCLAY & MATHIESON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

During the year, Ernst & Young LLP resigned and Simmons Gainsford LLP were proposed for appointment as auditors in accordance with the Companies Act.

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

This report was approved by the board on 12/6/2017 and signed on its behalf.


Alastair Macphie
Director

BARCLAY & MATHIESON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BARCLAY & MATHIESON LIMITED

We have audited the financial statements of Barclay & Mathieson Limited for the year ended 31 December 2016, set out on pages 7 to 33. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

BARCLAY & MATHIESON LIMITED

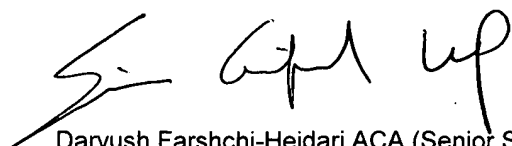
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BARCLAY & MATHIESON LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Daryush Farshchi-Heidari ACA (Senior Statutory Auditor)

for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

Statutory Auditors

7-10 Chandos Street

London

W1G 9DQ

Date: 12 JUNE 2017

BARCLAY & MATHIESON LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	53,137,047	59,391,839
Cost of sales		(41,538,911)	(48,442,699)
Gross profit		<u>11,598,136</u>	<u>10,949,140</u>
Distribution costs		(837,986)	(935,119)
Administrative expenses		(9,290,804)	(7,034,079)
Other operating income	5	<u>250,350</u>	<u>164,683</u>
Operating profit	6	<u>1,719,696</u>	<u>3,144,625</u>
Interest receivable and similar income	10	372,470	294,061
Interest payable and similar expenses	11	(618,893)	(838,185)
Other finance income		<u>-</u>	<u>(45,000)</u>
Profit before tax		<u>1,473,273</u>	<u>2,555,501</u>
Tax on profit	12	<u>(303,647)</u>	<u>(247,945)</u>
Profit for the year		<u><u>1,169,626</u></u>	<u><u>2,307,556</u></u>

The notes on pages 13 to 33 form part of these financial statements.

BARCLAY & MATHIESON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Profit for the financial year		1,169,626	2,307,556
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets		444,337	1,349,613
Actuarial (loss)/gain relating to pension scheme		(939,000)	1,032,000
UK deferred tax attributable to the actuarial gain/(loss)		187,800	(206,400)
UK deferred tax attributable to revaluation reserve		(126,508)	(166,130)
Other comprehensive income for the year		(433,371)	2,009,083
Total comprehensive income for the year		736,255	4,316,639

BARCLAY & MATHIESON LIMITED
REGISTERED NUMBER: SC030987

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	11,983,288	13,476,991
Investments	15	3,565,751	3,553,251
		<u>15,549,039</u>	<u>17,030,242</u>
Current assets			
Stocks	16	9,506,768	7,850,279
Debtors: amounts falling due within one year	17	30,854,086	29,117,331
Cash at bank and in hand	18	121,373	112,227
		<u>40,482,227</u>	<u>37,079,837</u>
Creditors: amounts falling due within one year	19	(16,052,976)	(14,546,252)
Net current assets		<u>24,429,251</u>	<u>22,533,585</u>
Total assets less current liabilities		<u>39,978,290</u>	<u>39,563,827</u>
Creditors: amounts falling due after more than one year	20	(6,979,715)	(7,914,653)
Provisions for liabilities			
Deferred tax	23	(955,958)	(880,812)
		<u>(955,958)</u>	<u>(880,812)</u>
Net assets excluding pension asset/liability		<u>32,042,617</u>	<u>30,768,362</u>
Pension asset/liability		(538,000)	-
Net assets		<u><u>31,504,617</u></u>	<u><u>30,768,362</u></u>

BARCLAY & MATHIESON LIMITED
REGISTERED NUMBER: SC030987

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Capital and reserves			
Called up share capital	24	8,600	8,600
Revaluation reserve	25	5,892,463	5,189,642
Capital redemption reserve	25	21,400	21,400
Capital Contribution	25	10,193,022	10,193,022
Profit and loss account	25	15,389,132	15,355,698
		<u>31,504,617</u>	<u>30,768,362</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

12/6/2017



Alastair Macphie

Director

The notes on pages 13 to 33 form part of these financial statements.

BARCLAY & MATHIESON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2016	8,600	21,400	5,189,642	10,193,022	15,355,698	30,768,362
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,169,626	1,169,626
Actuarial loss on pension deficit	-	-	-	-	(939,000)	(939,000)
Movement on deferred tax relating to pension deficit	-	-	-	-	187,800	187,800
Movement relating to revaluation reserve	-	-	444,337	-	(126,508)	317,829
Other comprehensive income for the year	-	-	444,337	-	(877,708)	(433,371)
Total comprehensive income for the year	-	-	444,337	-	291,918	736,255
Movement of revaluation on properties sold to P&L reserve	-	-	258,484	-	(258,484)	-
At 31 December 2016	<u>8,600</u>	<u>21,400</u>	<u>5,892,463</u>	<u>10,193,022</u>	<u>15,389,132</u>	<u>31,504,617</u>

BARCLAY & MATHIESON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Capital Contribution £	Profit and loss account £	Total equity £
At 1 January 2015	8,600	21,400	3,840,029	-	12,788,672	16,658,701
Comprehensive income for the year						
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 relating to revaluation reserve	-	-	1,349,613	-	(166,130)	1,183,483
Other comprehensive income for the year	-	-	1,349,613	-	659,470	2,009,083
Total comprehensive income for the year	-	-	1,349,613	-	2,967,026	4,316,639
Dividend distributed	-	-	-	-	(400,000)	(400,000)
Capital contribution on purchase by parent undertaking	-	-	-	10,193,022	-	10,193,022
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>

The notes on pages 13 to 33 form part of these financial statements.

BARCLAY & MATHIESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Barclay & Mathieson Limited is a private limited company, incorporated in Scotland and its registered office is 180 Hardgate Road, Glasgow, Scotland, G51 4TB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements contain information about Barclay & Mathieson Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of Breal Capital Limited, a company registered in England & Wales, and the parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Breal Capital Limited as at 31 December 2016 and these financial statements may be obtained from 7-10 Chandos Street, London, W1G 9DQ.

2.3 Going concern

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

BARCLAY & MATHIESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Buildings	- 40 years
Plant and machinery	- 4 to 10 years
Fixtures and fittings	- 4 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

BARCLAY & MATHIESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, finance leases, and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

BARCLAY & MATHIESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

BARCLAY & MATHIESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.14 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 comprehensive income along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 26 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Judgments 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 judgment in the process of applying the company's accounting policies. Estimates and judgments 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:

Carrying value of stock

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, being the estimated selling price less costs to complete and sell. 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sale of steel stock	53,137,047	59,391,839

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	52,513,483	59,284,839
Rest of Europe	623,564	107,000
	53,137,047	59,391,839

5. Other operating income

	2016 £	2015 £
Rental income	250,350	164,683

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	731,671	650,964
Exchange differences	28,918	21,528
Other operating lease rentals	181,978	148,001
Defined contribution pension cost	37,910	20,401
Defined benefit pension cost	290,614	369,718
	<u> </u>	<u> </u>

During the year, the company sold a property on a sale and leaseback agreement which resulted in a loss of £290,109 (2015: gain of £2,550,794).

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	24,000	30,000
	<u> </u>	<u> </u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	17,000	20,000
	<u> </u>	<u> </u>
	<u>17,000</u>	<u>20,000</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,197,812	5,962,251
Social security costs	563,024	541,559
Cost of defined benefit scheme	290,614	369,718
Cost of defined contribution scheme	37,910	20,401
	<u>7,089,360</u>	<u>6,893,929</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Sales and administration	125	114
Transport and warehousing	103	105
	<u>228</u>	<u>219</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	684,034	356,905
Company contributions to defined contribution pension schemes	37,910	20,401
	<u>721,944</u>	<u>377,306</u>

During the year retirement benefits were accruing to 4 directors (2015 - 3) in respect of defined contribution pension schemes and to no directors (2015 - Nil) under a defined benefit pension scheme.

The highest paid director received remuneration of £217,426 (2015 - £126,965).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,924 (2015 - £7,481).

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Interest receivable

	2016	2015
	£	£
Interest receivable on intercompany loan	372,080	292,482
Bank interest receivable	390	1,579
	<u>372,470</u>	<u>294,061</u>

11. Interest payable and similar charges

	2016	2015
	£	£
Interest on bank loans and overdraft	507,500	673,449
Interest payable on intercompany loan	111,393	164,736
	<u>618,893</u>	<u>838,185</u>

12. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	300,715	105,515
Adjustments in respect of previous periods	(133,506)	-
Total current tax	<u>167,209</u>	<u>105,515</u>
Deferred tax		
Origination and reversal of timing differences	56,238	9,048
Changes to tax rates	-	10,712
Pension	80,200	122,670
Total deferred tax	<u>136,438</u>	<u>142,430</u>
Taxation on profit on ordinary activities	<u>303,647</u>	<u>247,945</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,473,273	2,555,501
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	294,655	517,489
Effects of:		
Expenses not deductible for tax purposes	79,962	(401,451)
Capital allowances for year in excess of depreciation	13,767	(21,608)
Chargeable gains	-	240,835
Adjustments in respect of previous periods	(133,506)	-
Other differences leading to an increase (decrease) in the tax charge	(7,469)	1,258
Deferred tax	136,438	19,760
Movement on pension deficit	(80,200)	(108,338)
Total tax charge for the year	303,647	247,945

Factors that may affect future tax charges

The Finance No.2 Act 2015 announced a proposed reduction in the main corporation tax rate to 19% from 1 April 2017 and 18% by 1 April 2020. The Budget 2016 announced that the proposed reduction in the main corporation tax rate from 2020 would be 17%.

13. Dividends

	2016 £	2015 £
Dividends paid	-	400,000

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2016	13,121,349	4,523,527	876,302	18,521,178
Additions	17,223	784,556	433,671	1,235,450
Disposals	(2,591,658)	(267,895)	(14,488)	(2,874,041)
Revaluations	444,337	-	-	444,337
At 31 December 2016	<u>10,991,251</u>	<u>5,040,188</u>	<u>1,295,485</u>	<u>17,326,924</u>
Depreciation				
At 1 January 2016	857,306	3,495,068	691,813	5,044,187
Charge for the period on owned assets	222,572	345,381	163,718	731,671
Disposals	(161,548)	(256,451)	(14,224)	(432,223)
At 31 December 2016	<u>918,330</u>	<u>3,583,998</u>	<u>841,307</u>	<u>5,343,635</u>
Net book value				
At 31 December 2016	<u>10,072,921</u>	<u>1,456,190</u>	<u>454,178</u>	<u>11,983,289</u>
At 31 December 2015	<u>12,264,043</u>	<u>1,028,459</u>	<u>184,489</u>	<u>13,476,991</u>

The most recent professional valuation of freehold land and buildings was in May 2016. The valuation was done on a Market Value basis by Colliers International Valuation UK LLP and there was no impact on the income statement.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	<u>206,660</u>	<u>-</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost			
At 1 January 2016	4,312,756	1,000,000	5,312,756
Additions	12,500	-	12,500
At 31 December 2016	<u>4,325,256</u>	<u>1,000,000</u>	<u>5,325,256</u>
Impairment			
At 1 January 2016	1,759,505	-	1,759,505
At 31 December 2016	<u>1,759,505</u>	<u>-</u>	<u>1,759,505</u>
Net book value			
At 31 December 2016	<u>2,565,751</u>	<u>1,000,000</u>	<u>3,565,751</u>
At 31 December 2015	<u>2,553,251</u>	<u>1,000,000</u>	<u>3,553,251</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Fixed asset investments (continued)**Subsidiary undertakings**

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

Name	Class of shares	Holding	Principal activity
Alcyon Capital Management Limited	Ordinary	100 %	Property holding company
B&M Steel Limited	Ordinary	100 %	Dormant
Tatham Miller Limited	Ordinary	100 %	Dormant
Tatham Steels Limited	Ordinary	100 %	Dormant
Liverpool Steel Services Limited	Ordinary	100 %	Dormant
Clydeside Steel Fabrications Limited	Ordinary	100 %	Dormant

16. Stocks

	2016	2015
	£	£
Finished goods and goods for resale	9,506,768	7,850,279

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

Stock recognised in cost of sales during the year as an expense was £36,725,533 (2015 - £43,659,359).

17. Debtors

	2016	2015
	£	£
Trade debtors	10,639,350	9,456,114
Amounts owed by group undertakings	19,028,894	18,666,774
Other debtors	8,248	-
Prepayments and accrued income	1,177,594	994,443
	<u>30,854,086</u>	<u>29,117,331</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	121,373	112,227
Less: bank overdrafts	(8,040,357)	(6,880,431)
	<u>(7,918,984)</u>	<u>(6,768,204)</u>

19. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	8,040,357	6,880,431
Term loan	896,376	1,034,484
Trade creditors	4,231,776	2,687,840
Amounts owed to group undertakings	462,855	116,333
Corporation tax	131,034	228,185
Other taxation and social security	223,700	559,129
Obligations under finance lease and hire purchase contracts	44,233	-
Accruals and deferred income	2,022,645	3,039,850
	<u>16,052,976</u>	<u>14,546,252</u>

For detail of security see note 20.

20. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Term loan	5,829,534	6,914,653
Loan notes owed to parent company	1,000,000	1,000,000
Net obligations under finance leases and hire purchase contracts	150,181	-
	<u>6,979,715</u>	<u>7,914,653</u>

Secured loans

PNC Business Credit provides both a term loan and working capital facility to the company. The term loan is secured over the properties held by the company and is repayable in equal monthly instalments with a final repayment of the balance due at the end of the 5 year period. The working capital facility is secured over the stock and trade debtors.

Net obligations under finance lease and hire purchase contracts are secured over the assets which they relate to.

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Term loan	896,376	1,034,484
Amounts falling due 2-5 years		
Term loan	5,829,534	6,914,653
Amounts falling due after more than 5 years		
Loan notes	<u>1,000,000</u>	<u>1,000,000</u>

The loan notes of £1,000,000 (2015: £1,000,000) are wholly not repayable by installments, bear interest at the rate of 10% per annum. The loan is secured over a property.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	44,233	-
Between 1-2 years	44,233	-
Between 2-5 years	105,948	-
	<u>194,414</u>	<u>-</u>

23. Deferred taxation

	2016 £	2015 £
At beginning of year	(880,812)	(488,522)
Charged to the profit or loss	(136,438)	(19,760)
Charged to other comprehensive income	61,292	(372,530)
At end of year	<u>(955,958)</u>	<u>(880,812)</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	40,894	89,662
Revaluation reserve	(1,060,644)	(934,136)
Other timing differences	63,792	(36,338)
	<u>(955,958)</u>	<u>(880,812)</u>

24. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
8,600 Ordinary shares of £1 each	<u>8,600</u>	<u>8,600</u>

25. Reserves**Revaluation reserve**

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

Capital redemption reserve

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

Other reserves

Capital contribution represents amounts arising on acquisition of the company in 2015.

Profit and loss account

Represents all current and prior period retained profit and loss and does not contain any non-distributable reserves.

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. Pension scheme

The Company operates a Defined Benefit 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 August 2016, the Group 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 2016 were £401,000 and contributions of £400,000 are expected to be made to the scheme in 2017.

In deciding upon the foregoing contribution levels of the Group 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 Group anticipated that the agreed contributions would be in excess of the cost of the accruing FRS 102 based liability.

Reconciliation of present value of defined benefit obligations:

	2016 £	2015 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	16,787,000	17,827,000
Interest cost	614,000	617,000
Actuarial losses/(gains)	3,742,000	(1,230,000)
Benefits paid	(1,265,000)	(427,000)
At the end of the year	19,878,000	16,787,000

Reconciliation of present value of plan assets:

	2016 £	2015 £
At the beginning of the year	17,378,000	16,260,000
Expected return on scheme assets	644,000	572,000
Actuarial gains	2,182,000	393,000
Contributions by the company	401,000	580,000
Benefits paid	(1,265,000)	(427,000)
At the end of the year	19,340,000	17,378,000

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. Pension scheme (continued)

Composition of plan assets:

	2016	2015
	£	£
Equities	10,518,000	10,600,000
Bonds	7,286,000	5,579,000
Other	1,536,000	1,199,000
Total plan assets	<u>19,340,000</u>	<u>17,378,000</u>

The actuarial return on the plan assets over the period ended 31 December 2016 was £2,826,000.

	2016	2015
	£	£
Fair value of plan assets	19,340,000	17,378,000
Present value of plan liabilities	(19,878,000)	(16,787,000)
Surplus not recognised	-	(591,000)
Net pension scheme liability	<u>(538,000)</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	2016	2015
	£	£
Interest on pension scheme liabilities	-	45,000

Recognised in statement of comprehensive income:

	2016	2015
	£	£
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less expected return on pension scheme assets	2,182,000	393,000
Experience gains and losses arising on the scheme liabilities	259,000	102,000
Changes in the assumptions underlying the present value of the scheme liabilities	(4,001,000)	1,128,000
Surplus not recognised	621,000	(591,000)
	<u>(939,000)</u>	<u>1,032,000</u>

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. Pension scheme (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	2015
	%	%
Discount rate	2.70	3.80
Future salary increases	N/A	N/A
Future pension increases	3.10	2.90
Future revaluation of deferred pensions in excess increase	2.25	2.05
Inflation assumption	3.25	3.05
Mortality rates		
- for a male aged 65 now	21.4	21.3
- at 65 for a male aged 45 now	23.1	23.0
- for a female aged 65 now	23.4	23.3
- at 65 for a female member aged 45 now	25.3	25.2

History of experience gains and losses

	2016	2015	2014	2013	2012
	£	£	£	£	£
Fair value of scheme assets	19,340,000	17,378,000	16,260,000	15,663,000	14,186,000
Present value of scheme liabilities	(19,878,000)	(16,787,000)	(17,827,000)	(15,369,000)	(15,091,000)
Surplus not recognised	-	(591,000)	-	(294,000)	-
Surplus	<u>(538,000)</u>	<u>-</u>	<u>(1,567,000)</u>	<u>-</u>	<u>(905,000)</u>
Experience gains/(losses) on scheme liabilities	259,000	102,000	(251,000)	(11,000)	(80,000)
Difference between the expected and actual return on the scheme	<u>2,182,000</u>	<u>393,000</u>	<u>343,000</u>	<u>1,313,000</u>	<u>1,091,000</u>

The Company also operates a defined contribution scheme for which the pension cost charge for the period amounted to £297,406 (2015: £274,987).

The surplus in the prior year was not recognised as the Company believed it would not benefit from reduced future contributions to the scheme.

BARCLAY & MATHIESON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

27. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Not later than 1 year	1,049,000	920,000
Later than 1 year and not later than 5 years	1,877,700	2,097,500
Later than 5 years	3,344,647	2,774,333
	<u>6,271,347</u>	<u>5,791,833</u>
	2016 £	2015 £
Other		
Not later than 1 year	207,043	220,939
Later than 1 year and not later than 5 years	464,449	345,147
Later than 5 years	-	22,783
	<u>671,492</u>	<u>588,869</u>

28. Related party transactions

As at the 31 December 2016, included in trade debtors and trade creditors was a net balance of £330,286 (2015: £nil) due from a fellow group company. During the year, £316,255 (2015: £nil) was purchased from and £566,463 (2015: £nil) was sold to the related company.

29. Controlling party

At 31 December 2016, the immediate parent undertaking is MBM Group Services Limited and the ultimate parent undertaking is Breal Capital Limited, both incorporated in England & Wales.