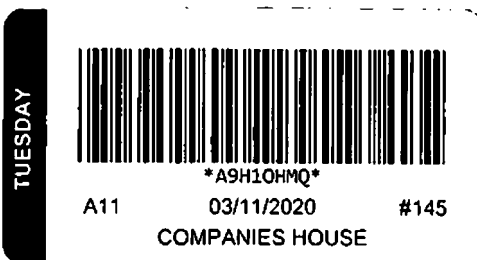


STEEL PLATE AND SECTIONS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019



STEEL PLATE AND SECTIONS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | A E Jones (resigned 18 June 2020) A E Doyle (resigned 18 June 2020) M A Welden |
| Registered number | 00853935 |
| Registered office | 4th Floor 7/10 Chandos Street Cavendish Square London W1G 9DQ |
| Independent auditor | Cooper Parry Group Limited Chartered Accountants and Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA |

STEEL PLATE AND SECTIONS LIMITED

CONTENTS

| | Page |
|--|----------------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Independent auditor's report | 5 - 7 |
| Profit and loss account | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 10 |
| Notes to the financial statements | 11 - 25 |

STEEL PLATE AND SECTIONS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their review for the year ended 31 December 2019.

Business review

The principal activity of Steel Plate and Sections Limited is steel stockholding and associated processing of high yield structural products for the Energy and Construction sectors.

2019 proved to be a positive year for the company, and we are pleased to report profitability in the project support side of the business which operates within the oil and gas sector.

The stockholding side of the business has been subject to further rationalisation in Q4 of 2019 and on 31 January 2020 the trade and assets associated with the company's global stockholding business were sold. This allowed the company to repay all of its external debt so the company is trading debt free into 2020.

The ongoing focus for the business into 2020 is the servicing of the project assisted side of the business.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The directors actively manage these risks by monitoring levels of risk and the related costs. During the year the company has entered into asset based funding arrangements in order to provide its day to day working capital. These facilities are dependent upon there being sufficient asset cover to produce the funding required. This is monitored closely by the directors to ensure that sufficient headroom exists.

As the company is primarily a steel stockholder, a principal risk is maintaining the right stock levels in the right geographical locations to meet our customer's needs. We also need to ensure that we have sufficient lines of supply to meet customers' needs. The over-riding factor to be borne in mind regarding all of the above is not to be over stocked at high prices in the event of a down turn. Our inventory is comprehensive, but not, in our view over stocked.

Our international trading means we are exposed to exchange rate fluctuations which are limited by a natural trading hedge, with any residual risk being managed using forward contracts and currency swaps where deemed appropriate. Credit risk is closely monitored and is mitigated by credit insurance taken out with a major insurer. Complying with the conditions of the insurance policy imposes discipline and rigour in to our assessment of credit risk.

STEEL PLATE AND SECTIONS LIMITED

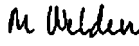
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial key performance indicators

The key financial performance indicators monitored by the board are turnover, gross profit, EBITDA, stock turn and debtor days outstanding. The relevant figures were:

| | 2019 £000 | 2018 £000 |
|-------------------|--------------|--------------|
| Turnover | 40,713 | 15,614 |
| Gross Profit | 5,796 | 2,791 |
| EBITDA | 2,821 | 662 |
| Stock Turn (Days) | 39 | 111 |
| Debtor Days | 57 | 58 |

This report was approved by the board and signed on its behalf.

DocuSigned by:

004215975A0A4CA...
M A Weiden
Director

Date: 27 October 2020

STEEL PLATE AND SECTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,979,000 (2018: £90,000).

During the year the directors declared a dividend of £2,434,000 (2018: £899,000). Subsequent to the year end, a dividend of £8,412,769 were paid.

Directors

The directors who served during the year are shown on the company information page.

Future developments

The directors aim is to maintain the management policies and niche market focus which have resulted in the profit generation during the period.

STEEL PLATE AND SECTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

As at 31 January 2020, the directors took the decision to sell the steel stockholding side of the business for its book value. The directors' main focus going forward will be to continue to service the existing project business orders.

In January 2020, the company's entire share capital was acquired by Barclay & Mathieson Limited a company incorporated in the United Kingdom. Further information about this is given in note 21.

This report was approved by the board and signed on its behalf.

DocuSigned by:

064215975ADA4CA
M A Weiden
Director

Date: 27 October 2020

STEEL PLATE AND SECTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEEL PLATE AND SECTIONS LIMITED

Opinion

We have audited the financial statements of Steel Plate and Sections Limited (the 'company') for the year ended 31 December 2019, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

STEEL PLATE AND SECTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEEL PLATE AND SECTIONS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters 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 the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

STEEL PLATE AND SECTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEEL PLATE AND SECTIONS LIMITED (CONTINUED)

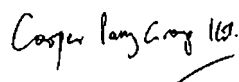
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Neil Calder (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants and Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 28 October 2020

STEEL PLATE AND SECTIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £000 | 2018 £000 |
|--|-------------|----------------------|----------------------|
| Turnover | 1,3 | 40,713 | 15,614 |
| Cost of sales | | (34,917) | (12,823) |
| Gross profit | | 5,796 | 2,791 |
| Administrative expenses | | (3,038) | (2,229) |
| Operating profit | 4 | 2,758 | 562 |
| Interest payable and similar expenses | | (182) | (188) |
| Profit before tax | | 2,576 | 374 |
| Tax on profit | 7 | (414) | (284) |
| Profit for the financial year | | 2,162 | 90 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

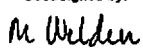
The notes on pages 11 to 25 form part of these financial statements.

STEEL PLATE AND SECTIONS LIMITED
REGISTERED NUMBER: 00853935

BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £000 | 2018 £000 |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 200 | 2,657 |
| Current assets | | | |
| Stocks | 10 | 3,318 | 3,294 |
| Debtors | 11 | 7,866 | 8,266 |
| Bank and cash balances | | 3,346 | 190 |
| | | <u>14,530</u> | <u>11,750</u> |
| Creditors: amounts falling due within one year | 12 | <u>(5,392)</u> | <u>(4,013)</u> |
| Net current assets | | <u>9,138</u> | <u>7,737</u> |
| Total assets less current liabilities | | <u>9,338</u> | <u>10,394</u> |
| Creditors: amounts falling due after more than one year | 13 | - | (571) |
| Provisions for liabilities | | | |
| Deferred tax | 15 | - | (213) |
| Net assets | | <u><u>9,338</u></u> | <u><u>9,610</u></u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 75 | 75 |
| Revaluation reserve | 17 | - | 1,463 |
| Capital redemption reserve | 17 | 25 | 25 |
| Profit and loss account | 17 | 9,238 | 8,047 |
| Shareholders funds | | <u><u>9,338</u></u> | <u><u>9,610</u></u> |

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

DocuSigned by:

 084215975ADA4CA
M A Welden
 Director

Date: 27 October 2020

The notes on pages 11 to 25 form part of these financial statements.

STEEL PLATE AND SECTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Called up share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total equity |
|----------------------------|----------------------------|----------------------------------|------------------------|----------------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 January 2019 | 75 | 25 | 1,463 | 8,047 | 9,610 |
| Profit for the year | - | - | - | 2,162 | 2,162 |
| Dividends paid (note 8) | - | - | - | (2,434) | (2,434) |
| Transfer between reserves | - | - | (1,463) | 1,463 | - |
| At 31 December 2019 | 75 | 25 | - | 9,238 | 9,338 |

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called-up share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|----------------------------------|------------------------|----------------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 January 2018 | 75 | 25 | 657 | 8,842 | 9,599 |
| Profit for the year | - | - | - | 90 | 90 |
| Surplus on revaluation of freehold property | - | - | 820 | - | 820 |
| Dividends paid (note 8) | - | - | - | (899) | (899) |
| Transfer between reserves | - | - | (14) | 14 | - |
| At 31 December 2018 | 75 | 25 | 1,463 | 8,047 | 9,610 |

The notes on pages 11 to 25 form part of these financial statements.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Steel Plate and Sections Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 31 December 2019 (2018: 31 December 2018).

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise stated in these accounting policies, and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom 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 the directors 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.

The following principal accounting policies have been consistently applied:

1.2 Exemptions

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 statement of cash flows and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Benbane Holdings Limited. The group accounts of Benbane Holdings Limited are available to the public and can be obtained as set out in note 22.

1.3 Going concern

The company has made a profit in the year and is in a net asset position at the year end. Subsequent to the year end a dividend of £8.4m has been declared and on 31 January 2020, the company was acquired by Barclay and Mathieson Limited. Following this acquisition, the trade and inventory of the steel stockholding side of the business has been sold at book value to other members of the group. This has resulted in significantly reduced operations and results in the company's main trade now being the servicing of the existing project business orders. The remaining project business orders have continued to trade in line with the directors expectations since the year end and the directors have reviewed their future forecasts in respect of funding requirements and consider that sufficient headroom remains within the business to continue to meet its obligations as they fall due.

The financial statements have therefore been prepared on a going concern basis.

STEEL PLATE AND SECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 the turnover is recognised:

Sale of goods

Turnover 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 the turnover 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.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses with the exception of Freehold property which was stated at open market value less accumulated depreciation prior to its disposal in the year. 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.

Depreciation is provided on the following basis:

| | | |
|---------------------|---|----------------------|
| Freehold property | - | 2% straight line |
| Plant and machinery | - | 15% straight line |
| Motor vehicles | - | 25% reducing balance |
| Office equipment | - | 15% straight line |
| Computer equipment | - | 20% straight line |

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.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

1.6 Revaluation of properties

Individual freehold properties are carried 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 revaluation reserve unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit and loss account.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.8 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. Work in progress and finished goods include labour and attributable overheads.

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 the profit and loss account.

1.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and loans to and from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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 of the recoverable amount, 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.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.10 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

STEEL PLATE AND SECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting period using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits in the short term. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.12 Dividends

Equity dividends are recognised when they become legally payable.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

The company makes estimates and assumptions concerning the future. The directors 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:

Carrying value of stocks

As a steel stockholder, the valuation of stock is a key area. The directors 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. The directors 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 debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances 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. The directors 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 profit and loss account.

Leases

The directors determine 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 an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

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 the directors judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Turnover

The turnover of the company for the year as been derived from its principal activity.

Analysis of turnover by country of destination:

| | 2019 £000 | 2018 £000 |
|-------------------|---------------|---------------|
| United Kingdom | 35,279 | 10,418 |
| Rest of Europe | 1,907 | 1,980 |
| Rest of the world | 3,527 | 3,217 |
| | <u>40,713</u> | <u>15,615</u> |

4. Operating profit

The operating profit is stated after charging/(crediting):

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| (Profit)/Loss on sale of tangible fixed assets | (118) | 1 |
| Depreciation of tangible fixed assets | 63 | 72 |
| Operating lease charges - land and buildings | 105 | 11 |
| Operating lease charges - plant and machinery | 23 | 47 |
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | 26 | 26 |
| Exchange differences | (78) | (33) |
| | <u></u> | <u></u> |

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Employees

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

| | 2019 £000 | 2018 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 2,494 | 1,667 |
| Social security costs | 175 | 191 |
| Pension costs | 78 | 75 |
| | <u>2,747</u> | <u>1,933</u> |

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

| | 2019 No. | 2018 No. |
|------------------------|-------------|-------------|
| Sales and distribution | 13 | 12 |
| Administration | 12 | 12 |
| Production | 11 | 12 |
| | <u>36</u> | <u>36</u> |

6. Directors' remuneration

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Directors' emoluments | 880 | 481 |
| Company contributions to defined contribution pension schemes | 10 | 9 |
| | <u>890</u> | <u>490</u> |

During the year retirement benefits were accruing to 1 director (2018: 2 directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £588,000 (2018: £329,000).

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Taxation

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 482 | - |
| Total current tax | <u>482</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (68) | 284 |
| Total deferred tax | <u>(68)</u> | <u>284</u> |
| Taxation on profit on ordinary activities | <u>414</u> | <u>284</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | <u>2,576</u> | <u>374</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | 489 | 71 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 16 | 13 |
| Adjust deferred tax to average rate | 27 | (43) |
| Capital gains | (130) | 238 |
| Fixed asset timing differences | 12 | 5 |
| Total tax charge for the year | <u>414</u> | <u>284</u> |

Factors that may affect future tax charges

There are no factors which may affect future tax charges.

8. Dividends

| | 2019 £000 | 2018 £000 |
|----------------|--------------|--------------|
| Dividends paid | <u>2,434</u> | <u>899</u> |

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tangible fixed assets

| | Freehold property £000 | Plant and machinery £000 | Total £000 |
|--------------------------|------------------------------|--------------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2019 | 2,450 | 915 | 3,365 |
| Additions | - | 52 | 52 |
| Disposals | (2,450) | (127) | (2,577) |
| At 31 December 2019 | - | 840 | 840 |
| Depreciation | | | |
| At 1 January 2019 | - | 708 | 708 |
| Charge for the year | 16 | 47 | 63 |
| Disposals | (16) | (115) | (131) |
| At 31 December 2019 | - | 640 | 640 |
| Net book value | | | |
| At 31 December 2019 | - | 200 | 200 |
| At 31 December 2018 | 2,450 | 207 | 2,657 |

10. Stocks

| | 2019 £000 | 2018 £000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 3,318 | 3,294 |
| | <u>3,318</u> | <u>3,294</u> |

Stock recognised in cost of sales during the year as an expense was £33,525,000 (2018: £11,296,000).

During the year a credit of £19,000 (2018: £33,000 credit) was recognised in cost of sales, in part relating to the release of provisions in respect of previously impaired lines now disposed of.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Debtors

| | 2019 £000 | 2018 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 2,337 | 2,667 |
| Amounts owed by group undertakings | 5,189 | 5,189 |
| Other debtors | 50 | 86 |
| Prepayments and accrued income | 274 | 162 |
| Deferred tax asset | 16 | 162 |
| | <u>7,866</u> | <u>8,266</u> |

12. Creditors: Amounts falling due within one year

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Bank loans | - | 200 |
| Asset backed loans | 345 | 1,971 |
| Trade creditors | 3,614 | 1,077 |
| Corporation tax | 482 | - |
| Other taxation and social security | 441 | 345 |
| Obligations under finance lease and hire purchase contracts | 11 | 9 |
| Accruals and deferred income | 499 | 411 |
| | <u>5,392</u> | <u>4,013</u> |

Bank loans were secured by a fixed and floating charge over all assets and a first legal charge over the freehold property.

Asset backed loans, primarily against debtors and stock, are secured by a fixed and floating charge over all company assets.

Obligations under hire purchase contracts are secured against the assets to which they relate.

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

| | 2019 £000 | 2018 £000 |
|--|-------------------|-------------------|
| Bank loans | - | 553 |
| Net obligations under finance leases and hire purchase contracts | - | 18 |
| | <u> </u> | <u> </u> |

14. Loans

Analysis of the maturity of loans is given below:

| | 2019 £000 | 2018 £000 |
|--|-------------------|-------------------|
| Amounts falling due within one year | | |
| Bank loans | - | 200 |
| Asset backed loans | 345 | 1,971 |
| Amounts falling due 1-2 years | | |
| Bank loans | - | 200 |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 353 |
| | <u> </u> | <u> </u> |
| | 345 | 2,724 |
| | <u> </u> | <u> </u> |

Asset backed loans of £345,000 are repayable on demand and are primarily against the company debtor book and stock holdings. These loans are secured by a fixed and floating charge over all company assets.

Bank loans were fully repaid in the year.

STEEL PLATE AND SECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Deferred taxation

| | 2019 £000 | 2018 £000 |
|-------------------------|----------------------|----------------------|
| At 1 January | (51) | 233 |
| Profit and loss account | 68 | (284) |
| At 31 December | 17 | (51) |

The deferred tax balance is made up as follows:

| | 2019 £000 | 2018 £000 |
|---|----------------------|----------------------|
| Accelerated capital allowances | 13 | 25 |
| Tax losses carried forward | - | 126 |
| Short term timing differences | 3 | 11 |
| Capital gains on revaluation of freehold property | - | (213) |
| | 16 | (51) |
| Comprising: | | |
| Asset - due within one year | 16 | 162 |
| Liability | - | (213) |
| | 16 | (51) |

16. Share capital

| | 2019 £000 | 2018 £000 |
|---|----------------------|----------------------|
| Allotted, called up and fully paid | | |
| 74,700 Ordinary shares of £1 each | 75 | 75 |

STEEL PLATE AND SECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Reserves

Revaluation reserve

This reserve represents the revaluation of the company's freehold property made in prior years. The freehold property was disposed of in the current year and therefore has been released to the profit and loss reserve.

Capital redemption reserve

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

Profit and loss account

Represents all current and prior period retained profits and losses.

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered personal pension fund. The pension charge represents contributions payable by the company to the fund and amounted to £78,000 (2018: £75,000). At the year end an amount of £Nil (2018: £Nil) was outstanding.

19. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Not later than 1 year | 110 | 19 |
| Later than 1 year and not later than 5 years | - | 4 |
| | <u>110</u> | <u>23</u> |

20. Related party transactions

The company has taken advantage of the FRS 102 section 33.1A exemption from disclosing transactions with wholly owned group companies.

During the year sales and recharges of £362,000 primarily in relation to wage costs (2018: £438,000) were received from the Tedstone Holdings Group, a group under common directorship.

21. Post balance sheet events

In January 2020, the entire share capital of the company was acquired by Barclay & Mathieson Limited, the impact of this on the controlling party of the company is given in note 22.

As at 31 January 2020, the directors took the decision to sell the steel stockholding side of the business for its book value. The directors' main focus going forward will be to continue to service the existing project business orders.

STEEL PLATE AND SECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Controlling party

The immediate parent company is Benbane Holdings Limited, a company registered in England and Wales. This is the smallest and largest group for which consolidated accounts are drawn up. The consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

The company is ultimately controlled by Breal Capital (Spss) Limited by virtue of their majority shareholding.

Subsequent to the year end, the entire share capital of the company was acquired by Barclay & Mathieson Limited, a company registered in the United Kingdom and considered to be the immediate parent undertaking. The ultimate controlling party from this date is Breal Capital Limited, a company registered in the United Kingdom, by virtue of their majority shareholding.