

Caparo Merchant Bar Plc

Registered number: 1860172

Directors' report and financial statements

For the year ended 31 December 2015

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CAPARO MERCHANT BAR PLC

COMPANY INFORMATION

Directors

The Honourable Akash Paul (resigned 13 April 2016)
The Honourable Angad Paul (deceased, resigned 9 November 2015)
J M R Bolton (resigned 13 April 2016)
D M O'Reilly (resigned 13 April 2016)
A Charman
S Unwin
A S Coghill (appointed 5 November 2015)
S A Mason (appointed 2 September 2014)

Company secretary

A S Coghill

Registered number

1860172

Registered office

Caparo House
Scunthorpe Steel Works
Brigg Road
Scunthorpe
South Humberside
DN16 1XA

Independent auditors

Mazars LLP
Chartered Accountants & Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

CAPARO MERCHANT BAR PLC

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CAPARO MERCHANT BAR PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

The company presents its strategic report for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

Caparo Merchant Bar plc is a company limited by shares, incorporated in England and Wales.

Caparo Merchant Bar plc (CMB) is a steel transformation business converting continuously cast billet (which is a primary steel product sourced in the external market from third party producers, and purchased on various commercial terms) by re-rolling into a range of hot rolled secondary steel products known as "merchant bars" (finished goods). The business operates two hot rolling mills, and secondary processing equipment, for this purpose.

RESULTS AND DIVIDENDS

The turnover was £87.8 million, with an operating loss £(23.5)m. On 19th October 2015 Caparo Industries Plc and Caparo Steel Products Limited (the majority shareholder in CMB) both went into administration (see note under Principle Risks and Uncertainties). CMB is an unsecured creditor of both companies and some of the other Caparo companies that entered administration on the same date. There is an inter-group loan of £15.2m outstanding, net trade debts of £4.2m, prepayments for goods and services not received of £2.4m and a stock balance owed of £0.9m. It is anticipated that the dividend arising from the administration will be poor and the debt of £22.7m has been written off to calculate the loss for the year of £(23.5)m.

The directors do not recommend the payment of a dividend (2014 - £nil).

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Merchant bars are sold predominantly through independent stockholders, together with sales direct to end users. The discriminators which set the business apart from its competitors are quality, service and availability which leads the business to concentrate its sales activity in the principle market areas of the UK (where CMB enjoys a significant market share) and the northern segment of the Eurozone.

During the year, steel selling prices continued the downward trend started in 2014, declining significantly in line with global price trends in oil and basic steel making raw material (iron ore, coal, and scrap). In addition, the British Pound (GBP/£) strengthened against the Euro (€). These economic influences had to be managed pro-actively on a day to day basis, and in doing so the company delivered, for the second year in succession, an increase in tonnage dispatched and invoiced. Approximately 50% of sold tonnes are to the Eurozone and 50% to the domestic market, with deliveries to a diverse range of consumers in the distribution, construction, mechanical and general engineering sectors.

Billet sourcing is an essential factor in maintaining channel security, in achieving spread and material margins, as well as the ability to serve domestic and Eurozone customers in a timely manner. As a consequence the billets are now sourced from a number of strategic steel suppliers who are capable of meeting strict technical and performance criteria, but also purchased in both GBP/£ and Euros/€ to enable a partial hedge against foreign exchange transactions.

The outlook for 2016 is cautiously optimistic. The improving trends in volume and profitability sustained in the second half of 2015 are evident already for the first quarter of 2016, after which it is anticipated that there will be a recovery in outsell prices driven by a global rebound in steel prices. This affords the company an opportunity to maximise spread in a rising market. The management expectation is that CMB will improve on its 2015 result, and have adequate financial resources for the foreseeable future. Therefore the accounts have been prepared on the going concern basis.

CAPARO MERCHANT BAR PLC

Strategic report (continued)

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the company's financial performance.

Global, political and economic conditions

Throughout its operations the company encounters different legal and regulatory requirements, including those for taxation, foreign exchange, environmental operational and competitive matters.

The management team monitor such risks to attempt to mitigate any exposure whilst remaining compliant with current legislation.

Foreign Exchange

The company sells more to the Eurozone than it buys, and any currency hedge is only partial. Therefore the company remains exposed to movements in exchange rates between sterling and, in particular, the Euro. Impact can be both positive and negative depending on the currency cycle.

Raw material and Energy prices

The raw material used by the company, billet, is a primary steel product which is affected by movements in the global price of its constituent commodities. The company cannot itself hedge against these movements as are they outside the company's control or influence. Short term volatility and any decrease in availability of billet could impact significantly on the company's financial performance. The company also requires substantial quantities of electricity and gas which are sourced from/through the Scunthorpe steelworks, so any significant interruption to supply would have an impact on the ability of the company to operate during any period of outage.

Parent company in administration

On 19th October 2015 the majority shareholder, Caparo Steel Products Limited (CSP), went into administration. CMB (the company) was solvent, not trading wrongfully and therefore did not enter administration. Since that date the company has received the ongoing support of its bankers and other major stakeholders and has been able to continue normal business activities without interruption. The administrators (Messrs. PwC) offered the shareholding, owned by CSP, for sale as part of a wider dialogue held with interested parties rather than as a public tender, because pre-emption rights existed, and also due to uncertainty surrounding the Caparo defined benefit pension scheme (1988 pension scheme) liabilities. Offers were received from a number of parties such that on 3rd December 2015 the administrator issued a letter, on behalf of Caparo Steel Products Limited - in administration, addressed to the directors of the company that constituted a "transfer notice" for the sale of their 1,850,000 shares. It is expected that completion and change of ownership will take place during 2016 thereby securing the long term future of the company. However, a risk remains that if a protracted length of time to is taken to complete the share sale transaction then it may impact on the short term trade credit rating of the company. In the event this will require the management team to manage and mitigate the circumstances to ensure business continuity through any such period.

CAPARO MERCHANT BAR PLC

Strategic report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Pensions

During the year the Caparo 1988 (defined benefit) Pension Scheme ('the Caparo scheme') was closed to future accruals. CMB had 39 active employee members affected by the closure. By consultation and agreement with all 39 employees it was possible to offer suitable individual alternative arrangements in the Caparo Stakeholder (defined contribution) Pension Scheme to which these employees transferred. However, on the 19th October 2015, Caparo Industries UK Limited (the parent company of Caparo Steel Products Limited) entered administration which left the Caparo scheme in crisis, with 4 of its 5 employers insolvent. CMB remained the only solvent employer. The directors immediately appointed independent expert pension advisers and separate expert legal advisers to assist the company in its negotiations with the Caparo scheme trustee. Together with these expert advisers, the company has engaged proactively with the Caparo Scheme trustee, their scheme advisers, and the PPF, with the aim of reaching a compromise and containing any liability on CMB going forward. These negotiations were at a developed stage by year end, but short of reaching a final conclusion. The early indications are that agreement can be reached that will satisfy all parties, thus avoiding the Caparo scheme being wound up prematurely, and crystallising a liability on CMB that the company cannot manage. Until an agreement on the apportionment of scheme assets is reached, based on a latest actuarial review and assessment of funding levels being conducted, a manageable solution cannot be drawn up finally. Therefore a perceived uncertainty remains until the solution and any ongoing liability has been agreed during 2016.

Loss of Banking Facilities

The administration of Caparo Industries and the associated UK businesses, with the associated write off of the intercompany debt position, has an adverse impact on the balance sheet of CMB. To date CMB has received the continuing support of its bankers. Any change to this situation could introduce the need to re-finance adding additional costs to the business. The company seeks to limit this risk through regular communication of performance against business critical key performance indicators.

Litigation

The company is subject to the risk of litigation as with any business. The company seeks to address such claims proactively. In accordance with accounting requirements, a provision is made where required to address the cost of such.

Environmental Liabilities

The company conducts its operations in such a manner as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the company will devote suitable resources to the issue in order to remedy the situation.

Employees

The company has a reliance on the management team employed. The company recognises the importance of this resource and as such reviews its remuneration policy together with its recruitment policy on a regular basis in order to ensure the company continues to retain and attract the best possible management team.

CAPARO MERCHANT BAR PLC

Strategic report (continued)

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the company include:

	2015	2014
• Gross Profit percentage	10.0%	7.2%
• Operating (loss) percentage	(26.8)%	(3.5)%
• Working Capital (£million)	3.9	9.8
• Return on capital employed	(248.2)%	(18.1)%

In addition to the above financial key performance indicators the company monitors other key performance indicators on a daily, weekly and monthly basis against annual budgets and most recent forecasts. These include, but not limited to:

- Material & Contribution margin in order to manage "spread"
- Working Capital Days
- Cash flow (including stock, debtor and creditor days)
- Manufactured cost per tonne (as the efficiency of this business is volume related)
- Raw material and finished goods stock: in terms of quantity, value, stock turn and age profile

Health & Safety

The company employs Lost Time and Reportable accident metrics, reviewed monthly with commentary regarding remedial, corrective and continuous improvement actions. As at December 2015 there had been one reportable incident in the preceding 12 months.

Environmental

The company is approved to EN14001, and there were no significant variations from the forecast for the key performance indicators employed to capture pre-defined benchmarks or targets including:

- Yield loss (waste product) per tonne of finished product
- Energy cost per tonne
- Other overall compliance measures

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



A Charman
Director

Date: 20/06/2016

CAPARO MERCHANT BAR PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £23.874m (2014 - loss of £2.361m). This result includes the following costs that will not be repeated in future years.

- £1.8m of management fees to Caparo Industries Plc for the 9 months to October 2015
- £22.72m write off of intercompany loans, stock and trading debt

Additionally £139k was charged in 2015 relating to professional fees and services to deal with a number of matters relating to the insolvency of Caparo Industries Plc, the separation of CMB from the Caparo group of companies and working with the pension fund and CMB's bankers as a result of the group insolvency.

Directors

The directors who served during the year were:

The Honourable Akash Paul (resigned 13 April 2016)
The Honourable Angad Paul (deceased, resigned 9 November 2015)
J M R Bolton (resigned 13 April 2016)
D M O'Reilly (resigned 13 April 2016)
A Charman
S Unwin
A S Coghill (appointed 5 November 2015)
S A Mason (appointed 2 September 2014)

CAPARO MERCHANT BAR PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

MATTERS COVERED IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

This includes a summary of the principal risks and uncertainties and an indication of future events.

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 that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

Auditors

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

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



A Charman
Director

Date: 20/06/2016

CAPARO MERCHANT BAR PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPARO MERCHANT BAR PLC

We have audited the financial statements of Caparo Merchant Bar Plc for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

We would draw the user's attention to the matter set out in the Strategic Report on page 3, and in the Pension commitments note on page 31 of these financial statements. There remains risk and uncertainty with regards to the final settlement of the Caparo 1988 (defined benefit) pension scheme and the impact on Caparo Merchant Bar PLC. These accounts do not include the estimated impact of any final settlement and the scheme has been accounted for as a defined contribution scheme throughout the year ended 31 December 2015. We would also draw the users attention to the impact any recognition may have had on these financial statements, including the final result for the year, reserve balances and basis of preparation.

Opinion on the other matter prescribed by the Companies Act 2006

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

CAPARO MERCHANT BAR PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPARO MERCHANT BAR PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alistair Wesson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 27 JUNE 2016

CAPARO MERCHANT BAR PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Turnover		87,823	91,724
Cost of sales		(79,053)	(85,133)
Gross profit		<u>8,770</u>	<u>6,591</u>
Distribution costs		(3,972)	(3,714)
Administrative expenses		(3,786)	(3,734)
Administrative expenses - management fee		(1,800)	(2,310)
Administrative expenses - irrecoverable intra group balances		(22,720)	-
Operating loss		<u>(23,508)</u>	<u>(3,167)</u>
Interest receivable and similar income	7	496	838
Interest payable and expenses	8	(702)	(661)
Loss before tax		<u>(23,714)</u>	<u>(2,990)</u>
Tax on loss	9	(160)	629
Loss for the year		<u>(23,874)</u>	<u>(2,361)</u>
Other comprehensive income for the year			
Difference between actual and historic depreciation		99	99
Other comprehensive income for the year		<u>99</u>	<u>99</u>
Total comprehensive income for the year		<u>(23,775)</u>	<u>(2,262)</u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.
The notes on pages 13 to 33 form part of these financial statements.

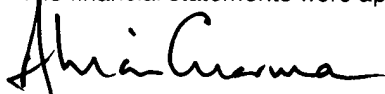
CAPARO MERCHANT BAR PLC

Registered number: 1860172

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	12	5,539	7,687
		<u>5,539</u>	<u>7,687</u>
Current assets			
Stocks	13	8,275	10,453
Debtors	14	7,408	29,305
Cash at bank and in hand	15	5,246	3,865
		<u>20,929</u>	<u>43,623</u>
Creditors: amounts falling due within one year	16	(27,957)	(28,551)
Net current assets		<u>(7,028)</u>	<u>15,072</u>
Total assets less current liabilities		<u>(1,489)</u>	<u>22,759</u>
Creditors: amounts falling due after more than one year	17	(1,688)	(2,062)
Provisions for liabilities			
Other provisions	20	(115)	(115)
		<u>(115)</u>	<u>(115)</u>
Net assets		<u><u>(3,292)</u></u>	<u><u>20,582</u></u>
Capital and reserves			
Called up share capital	22	2,467	2,467
Share premium account	21	1,553	1,553
Revaluation reserve	21	3,085	3,184
Profit and loss account	21	(10,397)	13,378
		<u>(3,292)</u>	<u>20,582</u>

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



A Charman
Director

Date: 20/06/2016

The notes on pages 13 to 34 form part of these financial statements.

CAPARO MERCHANT BAR PLC

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2015	2,467	1,553	3,184	13,378	20,582
Comprehensive income for the year					
Loss for the year	-	-	-	(23,874)	(23,874)
Difference between actual and historic cost depreciation	-	-	-	99	99
Total comprehensive income for the year	-	-	-	(23,775)	(23,775)
Contributions by and distributions to owners					
Transfer to/from profit and loss account	-	-	(99)	-	(99)
At 31 December 2015	<u>2,467</u>	<u>1,553</u>	<u>3,085</u>	<u>(10,397)</u>	<u>(3,292)</u>

The notes on pages 13 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2014	2,467	1,553	3,283	15,640	22,943
Comprehensive income for the year					
Loss for the year	-	-	-	(2,361)	(2,361)
Difference between actual and historic cost depreciation	-	-	-	99	99
Total comprehensive income for the year	-	-	-	(2,262)	(2,262)
Contributions by and distributions to owners					
Transfer to/from profit and loss account	-	-	(99)	-	(99)
At 31 December 2014	<u>2,467</u>	<u>1,553</u>	<u>3,184</u>	<u>13,378</u>	<u>20,582</u>

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

CAPARO MERCHANT BAR PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit for the financial year	(23,874)	(2,361)
Adjustments for:		
Depreciation of tangible assets	943	1,016
Impairments of fixed assets	1,500	-
Loss on disposal of tangible assets	-	(1)
Decrease in stocks	2,178	704
Interest paid	702	661
Interest received	(496)	(838)
Taxation	-	(454)
Decrease/(increase) in debtors	3,382	(2,124)
Decrease/(increase) in amounts owed by group companies	18,515	(2,405)
Increase/(decrease) in creditors	6,859	(3,437)
(Decrease)/increase in amounts owed to group companies	(6,535)	1,359
Net cash generated from operating activities	3,174	(7,880)
Cash flows from investing activities		
Purchase of tangible fixed assets	(296)	(1,925)
Sale of tangible fixed assets	-	1
Interest received	496	838
HP interest paid	(9)	(10)
Net cash from investing activities	191	(1,096)
Cash flows from financing activities		
New secured loans	-	10,787
Repayment of loans	(1,291)	(700)
Interest paid	(693)	(651)
Net cash used in financing activities	(1,984)	9,436
Net increase / (decrease) in cash and cash equivalents	1,381	460
Cash and cash equivalents at beginning of year	3,865	3,405
Cash and cash equivalents at the end of year	5,246	3,865
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,246	3,865
	5,246	3,865

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

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of freehold land & buildings and plant & machinery) and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

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 2).

1.2 Going concern

Following the administration of Caparo Industries Plc & Caparo Steel Products Limited the directors took professional advice regarding the going concern status of Caparo Merchant Bar and prepared a number of forecasts and sensitivities to demonstrate the continuing liquidity of the business. These forecasts and the professional advice received allowed the directors to continue to trade CMB lawfully during a difficult period for UK steel businesses.

Cash flow forecasts are prepared and reviewed daily. A number of business key performance indicators are reviewed daily, weekly and monthly with reference to budget and forecasts.

The ongoing performance of Caparo Merchant Bar convinces the directors and their advisors that the underlying business remains able to service its debts and therefore continue to trade legally as a going concern.

1.3 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets 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:

The estimated useful lives range as follows:

Freehold buildings	-	2% per annum
Plant & machinery	-	5 - 20% per annum
Motor vehicles and mobile plant	-	15 - 25% per annum
Computer equipment	-	20 - 33% per annum
Computer software	-	33% per annum

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 within 'other operating income' in the Profit and Loss Account.

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

The company has taken certain transitional exemptions under FRS 102 to use the historic valuation of certain land and buildings as deemed cost. The revaluation reserve will be released over the remaining life of the associated property assets.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.6 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. 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 profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CMB manages the risk associated with the sale of goods on credit terms through the use of trade credit insurance.

1.8 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to and 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.

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.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.12 Pensions

Defined contribution pension plan

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 payments 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.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where amounts are recharged for deficit funding of the group's pension scheme, and the amounts are material, these are disclosed separately.

Further information with regards to the scheme is provided in note 24.

1.13 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

1.14 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.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

In the application of the Company's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Stock provision

A provision for stock loss is made to ensure the accounts reflect the lowest of net realisable value or cost. The provision comprises two elements

1. The loss between calculated production weight and actual weight of stock dispatched to customers as it crosses the weighbridge
2. The loss due to ageing of finished goods

In both instances historic costs are used to calculate the provision

Dilapidations and environmental provision

An estimate for costs associated with rented building dilapidation costs and environmental charges has been made that reflects potential costs and likelihood of incurring such costs.

3. Analysis of turnover

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	54,902	52,990
Rest of Europe	32,831	38,622
Rest of the world	90	112
	<u>87,823</u>	<u>91,724</u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. Operating loss

The operating loss is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	943	1,016
Impairment of tangible fixed assets	(1,500)	-
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	28	12
Fees payable to the Company's auditors and its associates for other services to the group:		
- Other services relating to taxation	5	-
- All other services	2	-
Pension costs	308	392
Exceptional restructuring costs	-	398
Operating lease rentals	157	153
Profit/(loss) on disposal of fixed assets	-	(1)
	<u> </u>	<u> </u>

5. Employees

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

	2015 £000	2014 £000
Wages and salaries	4,361	3,840
Social security costs	431	421
Cost of defined contribution scheme	308	392
	<u>5,100</u>	<u>4,653</u>

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

	2015 No.	2014 No.
Production and sales	142	142
Administration	18	12
	<u>160</u>	<u>154</u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	196	203
Company contributions to defined contribution pension schemes	14	21
	<u>210</u>	<u>224</u>

During the year retirement benefits were accruing to 3 directors (2014 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £123,000 (2014 - £111,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2014 - £12,000).

7. Interest receivable

	2015 £000	2014 £000
Interest receivable from group companies	496	810
Other interest receivable	-	28
	<u>496</u>	<u>838</u>

8. Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	693	651
Other interest	9	10
	<u>702</u>	<u>661</u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	-	(365)
Adjustments in respect of previous periods	-	(89)
	<u>-</u>	<u>(454)</u>
Total current tax	<u>-</u>	<u>(454)</u>
Deferred tax		
Origination and reversal of timing differences	(28)	(253)
Adjustments in respect of previous periods	188	78
	<u>160</u>	<u>(175)</u>
Total deferred tax	<u>160</u>	<u>(175)</u>
Taxation on profit/(loss) on ordinary activities	<u>160</u>	<u>(629)</u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 20). The differences are explained below:

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before tax	(23,714)	(2,990)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	(4,801)	(643)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,603	-
Capital allowances for year in excess of depreciation	49	218
Adjustments to tax charge in respect of prior periods	-	(89)
Other timing differences leading to an increase (decrease) in taxation	-	55
Non-taxable income	(100)	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	(175)
Other differences leading to an increase (decrease) in the tax charge	43	5
Adjustment for closing deferred tax to average rate	278	-
Adjustment for opening deferred tax to average rate	(28)	-
Deferred tax not recognised	116	-
Total tax charge for the year	160	(629)

Factors that may affect future tax charges

Based on current capital investment plans, the company expects capital allowances to exceed depreciation in future years.

In the 2015 Summer Budget, issued on 8 July 2015, the Chancellor announced that the main rate of corporation tax would be reduced to 18% with effect from 1 April 2020. As this rate was enacted in the 2015 Finance Act, the deferred tax rate has been recognised at 18%.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. ADMINISTRATIVE EXPENSES - MANAGEMENT FEE

Prior to the Administration of Caparo Industries Plc, of which CMB was a subsidiary company, a fee was paid by CMB as a contribution towards the central administration costs of the group. The charge for the 12 months of 2014 was £2.5m. At the end of 2014 CMB was required to prepay £2.4m for the 2015 charge. 9 months of this cost (£1.8m) has been charged as the management fee for 2015 and the 3 months remaining cost has been written off within the £22.7m write-off of intercompany debts.

11. ADMINISTRATIVE EXPENSES - IRRECOVERABLE INTRA GROUP BALANCES

	2015 £000
Intercompany loan between CMB and Caparo Steel Products Limited (in administration)	15,169
Intercompany net debt between CMB and various Caparo companies all in administration	4,254
Fixed asset under construction impairment charge (IT development costs prepaid to Caparo Industries)	1,500
Prepayment for goods and services not received from Caparo Industries Plc	888
Intercompany stock balance owed to CMB by various Caparo companies all in administration	909
	<hr/> 22,720 <hr/>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

12. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Other fixed assets £000	Total £000
Cost or valuation				
At 1 January 2015	5,650	39,217	1,500	46,367
Additions	-	296	-	296
At 31 December 2015	5,650	39,513	1,500	46,663
Depreciation				
At 1 January 2015	2,358	36,323	-	38,681
Charge owned for the period	102	841	-	943
Impairment charge	-	-	1,500	1,500
At 31 December 2015	2,460	37,164	1,500	41,124
Net book value				
At 31 December 2015	3,190	2,349	-	5,539
At 31 December 2014	3,293	2,894	1,500	7,687

The company has taken certain transitional exemptions under FRS 102 to use the historic valuation of certain land and buildings as deemed cost. The revaluation reserve will be released over the remaining life of the associated property assets.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015 £000	2014 £000
Cost	200	200
Accumulated depreciation	(96)	(92)
Net book value	104	108

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. Stocks

	2015 £000	2014 £000
Raw materials and consumables	3,372	3,794
Finished goods and goods for resale	4,903	6,659
	<u>8,275</u>	<u>10,453</u>

14. Debtors

	2015 £000	2014 £000
Due after more than one year		
Deferred tax asset	1,722	1,882
	<u>1,722</u>	<u>1,882</u>
Due within one year		
Trade debtors	4,446	5,909
Amounts owed by group undertakings	-	18,515
Other debtors	1,083	111
Prepayments and accrued income	157	2,888
	<u>7,408</u>	<u>29,305</u>

Included within amounts owed by the group undertakings is a loan of £nil (2014: £14,824,000) due from Caparo Steel Products Limited which is repayable on demand. Interest on the loan is charged at commercial margins over bank base lending rates. The remaining balance of £nil (2014: £3,691,000) relates to trading activities between the company and other group undertakings.

15. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	5,246	3,865
	<u>5,246</u>	<u>3,865</u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

16. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Bank loans	16,199	17,116
Trade creditors - external suppliers	10,803	4,289
Trade creditors - amounts owed to related undertakings	-	6,535
Corporation tax	7	7
Taxation and social security	111	100
Accruals and deferred income	837	504
	<u>27,957</u>	<u>28,551</u>

The bank loan bears interest at a commercial rate above LIBOR.

Secured loans

The bank loans, overdrafts and similar finance are secured by a charge over certain assets of the company, with interest being charged at commercial rates.

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

	2015 £000	2014 £000
Bank loans	1,688	2,062
	<u>1,688</u>	<u>2,062</u>

Secured loans

The bank loans, overdrafts and similar finance are secured by a charge over certain assets of the company, with interest being charged at commercial rates.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

18. Loans

Analysis of the maturity of loans is given below:

	2015 £000	2014 £000
Amounts falling due within one year		
Bank loans	16,199	17,116
	<u>16,199</u>	<u>17,116</u>
Amounts falling due 1-2 years		
Bank loans	-	375
	<u>-</u>	<u>375</u>
Amounts falling due 2-5 years		
Bank loans	1,688	1,125
	<u>1,688</u>	<u>1,125</u>
Amounts falling due after more than 5 years		
Bank loans	-	562
	<u>-</u>	<u>562</u>

19. Deferred taxation

	Deferred tax £000
At 1 January 2015	1,882
Utilised in year	(160)
At 31 December 2015	<u><u>1,722</u></u>

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	1,882	1,815
Short term timing differences	(160)	67
	<u><u>1,722</u></u>	<u><u>1,882</u></u>

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. Provisions

	Environmental and Dilapidation provision £000
At 1 January 2015	115
At 31 December 2015	115

An estimated £100k has been provided for possible dilapidations costs reflecting the rental of part of the light section mill, the degree of alteration to the fabric of the building and the risk of incurring these costs.

An estimated £15k has been provided for potential future environmental costs that reflects the limited impact that CMB operations have on the Scunthorpe steel site as a whole.

21. Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve

This reserve records unrealised surpluses and deficits created from the revaluation of fixed assets. The company has taken certain transitional exemptions under FRS 102 to use the historic valuation of certain land and buildings as deemed cost. The revaluation reserve will be released over the remaining life of the associated property assets.

Profit & loss account

This reserve includes all current and prior period retained profits and losses.

22. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
2,466,667 Ordinary Class A shares of £1 each	2,467	2,467

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

23. Capital commitments

At 31 December 2015 the Company had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	-	284
	-	284

24. Pension commitments

As previous stated in the Strategic Report – Principle Risks & Uncertainties – Pensions (page 3), during the year the Caparo 1988 (defined benefit) Pension Scheme ('the Caparo scheme') was closed to all future accruals. CMB had 39 active employee members of this scheme at the time of closure, and by consultation and agreement all active members transferred to the Caparo Stakeholder (defined contribution) Pension Scheme.

The Caparo scheme was a multi-employer scheme consisting of Caparo Industries plc and its subsidiaries, however on the 19th October 2015, Caparo Industries UK Limited, the parent company of Caparo Steel Products Limited (being the majority shareholder in CMB) entered administration. As CMB remained the only solvent employer, the directors immediately appointed independent expert pension advisers and separate expert legal advisers to assist the company in its negotiations with the Caparo scheme trustee. Together with these expert advisers, the company has engaged proactively with the Caparo Scheme trustee, their scheme advisers, and the PPF, with the aim of reaching a compromise and containing any liability on CMB going forward. These negotiations were at a developed stage by year end, with an early indication are that agreement will be reached during 2016 that will ensure that any long term liability for the "CMB only members" of this scheme will be manageable, and not risk the long term viability of the company going forward.

The company now only contributes to the Caparo Stakeholder Pension Plan, a UK defined contribution scheme invested through Mobius Life Limited. The pension charge for the year in respect of these arrangements was £160,000 (2014: £90,000). At 31st December 2015 there were £nil employee contributions payable (2014: nil) to the Caparo Stakeholder Pension Plan.

25. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	153	153
Later than 1 year and not later than 5 years	164	566
Later than 5 years	-	140
Total	317	859

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. RELATED PARTY TRANSACTIONS

During the year the company traded with fellow subsidiaries as follows:

	Net goods and services bought/(sold)		Net debtor/(creditor) at 31 December	
	2015 £000	2014 £000	2015 £000	2014 £000
Fellow members of the Caparo Group Limited	(68)	520	-	3,690
	<u>(68)</u>	<u>520</u>	<u>-</u>	<u>3,690</u>

In addition, the company has a loan of £nil (2014: £14,824,000) due from Caparo Steel Products Limited which is repayable on demand. Interest on the loan is charged at commercial margins over bank base lending rates.

The company traded with Tata Steel UK Limited, its minority shareholder, during the year as follows:

	Net goods and services bought/(sold)		Net debtor/(creditor) at 31 December	
	2015 £000	2014 £000	2015 £000	2014 £000
Tata Steel UK Limited	40,627	49,163	(8,060)	(6,172)
	<u>40,627</u>	<u>49,163</u>	<u>(8,060)</u>	<u>(6,172)</u>

All transactions took place on normal commercial terms.

27. Controlling party

Caparo Steel Products Limited (In Administration) is the controlling party of CMB Plc. The administrator is PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

28. First time adoption of FRS 102

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Fixed assets		6,777	-	6,777	7,686	-	7,686
Current assets		39,339	-	39,339	43,624	-	43,624
Creditors: amounts falling due within one year		(22,008)	-	(22,008)	(28,551)	-	(28,551)
Net current assets		17,331	-	17,331	15,073	-	15,073
Total assets less current liabilities		24,108	-	24,108	22,759	-	22,759
Creditors: amounts falling due after more than one year		(1,050)	-	(1,050)	(2,062)	-	(2,062)
Provisions for liabilities		(115)	-	(115)	(115)	-	(115)
Net assets		22,943	-	22,943	20,582	-	20,582
Capital and reserves		22,943	-	22,943	20,582	-	20,582

CAPARO MERCHANT BAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

28. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Note			
Turnover	91,724	-	91,724
Cost of sales	(85,133)	-	(85,133)
	6,591	-	6,591
Distribution expenses	(3,714)	-	(3,714)
Administrative expenses	(6,044)	-	(6,044)
Operating profit	(3,167)	-	(3,167)
Interest receivable and similar income	838	-	838
Interest payable and similar charges	(661)	-	(661)
Taxation	629	-	629
Loss on ordinary activities after taxation and for the financial year	(2,361)	-	(2,361)