

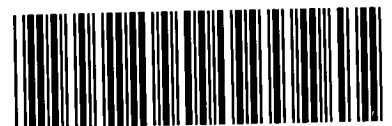
# Liberty Merchant Bar PLC

Registered number: 1860172

## Directors' report and financial statements

For the period ended 31 March 2018

SATURDAY



A11 \*A7FHR01K\* 29/09/2018 #56  
COMPANIES HOUSE

---

# LIBERTY MERCHANT BAR PLC

---

## COMPANY INFORMATION

---

<b>Directors</b>	A Charman (resigned 1 August 2017) S Unwin (resigned 1 August 2017) A S Coghill (resigned 1 August 2017) S A Mason (resigned 23 June 2017) Mr Virinder Bahadur Garg (appointed 1 August 2017) Mr Sanjay Tohani (appointed 8 September 2017)
<b>Company secretary</b>	S Tohani
<b>Registered number</b>	1860172
<b>Registered office</b>	Liberty House Scunthorpe Steel Works Brigg Road Scunthorpe South Humberside DN16 1XA
<b>Independent auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

---

# **LIBERTY MERCHANT BAR PLC**

---

## **CONTENTS**

---

	Page
<b>Strategic Report</b>	<b>1 - 5</b>
<b>Directors' Report</b>	<b>6 - 7</b>
<b>Independent Auditors' Report</b>	<b>8 - 11</b>
<b>Profit and Loss Account</b>	<b>12</b>
<b>Balance Sheet</b>	<b>13</b>
<b>Statement of Changes in Equity</b>	<b>14 - 15</b>
<b>Statement of Cash Flows</b>	<b>16</b>
<b>Notes to the Financial Statements</b>	<b>17 - 38</b>

---

# **LIBERTY MERCHANT BAR PLC**

---

## **STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2018**

---

### **Introduction**

The company presents its strategic report for the period ended 31 March 2018.

### **PRINCIPAL ACTIVITY**

Liberty Merchant Bar PLC is a company limited by shares, incorporated in England and Wales.

Liberty Merchant Bar PLC 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.

On 8th September 2017 the company went from a limited company to a PLC.

### **RESULTS AND DIVIDENDS**

The turnover was £99.2 million (2016: £73.4m), and an operating profit £8.8m (2016: £2.3m).

The directors do not recommend the payment of a dividend (2016 - £nil).

---

## **LIBERTY MERCHANT BAR PLC**

---

### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **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 LMB enjoys a significant market share) and the northern segment of the Eurozone.

Domestic selling prices continued to be volatile throughout 2017 with higher prices been realised towards the end of 2017 and into 2018. In Europe, price trends for merchant bar followed the trend in international scrap prices closely rather than in line with global price trends in oil and basic steel making raw materials (iron ore and coking coal.) throughout 2016. Despite the continued weakness of the British Pound (GBP/£) against the Euro (€) the level of imports of merchant bar into the UK domestic market has remained constant. Economic activity in the Eurozone, particularly in Germany, resulted in apparent consumption remaining at, or slightly below, the levels of the previous year. Whilst there was a significant amount of uncertainty surrounding the ownership of the business until the share sale was completed in June, the business was able to maintain its customer base throughout. Following the share sale production volumes have steadily increased and were back to normal levels by Q1 2018. Approximately 46% of sold tonnes were delivered to export customers (the majority in the Eurozone) and 54% to the domestic market, and 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, achieving spread and material margins, as well as the ability to serve domestic and Eurozone customers in a timely manner. Billets can be sourced from a number of strategic steel suppliers who are capable of meeting strict technical and performance criteria. The sourcing strategy in 2017 reflected a higher proportion of billet purchased locally.

The outlook for 2019 is cautiously optimistic. The positive trend in volume delivered during 2017 is sustainable, with further growth opportunities identified for 2019, that will deliver increased sales and production volumes in line with its capacity expectations. The office near Lille, employing a local national, to service the country markets of France and Benelux which was opened in 2016 is becoming more and more successful as local customers are aware of our presence. Billet supply is secure through two major billet routes with supply agreements which allows the split between Arc route and BOS route billet to be maintained and hence the risk hedged. The management of LMB will seek to improve on its 2017 result, and continue to generate financial resources for the foreseeable future. Therefore, the accounts have been prepared on the going concern basis.

On 30th June 2017, Liberty House Group (part of the GFG Alliance) completed the purchase of 100% of the shareholding in LMB from the administrator of Caparo Steel Products Limited (in liquidation), the administrator having purchased prior to that date the 25% minority shareholding from Tata Steel UK Ltd to add to their existing 75% shareholding. The transfer of the total share capital to the Liberty House Group, and acquisition by them, was approved by the company board because it provided a solvent solution for LMB, to the benefit of all creditors and other stakeholders, and more importantly avoided the sale of business and assets of the company via the alternative, less attractive, accelerated sales process.

On 30th June 2017 the shareholding in LMB was acquired by CMB Restructuring PTE Ltd. The Ultimate beneficial owner is S K Gupta.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **STRATEGIC REPORT (CONTINUED)** **FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **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 is a net earner of Euros so is exposed to exchange rate movements between sterling and the Euro. Exchange rate impact can be both positive and negative depending on the currency cycle, so the company manages this risk through the use of forward contracts in line with export order intake.

#### **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 they are outside the company's control or influence. Short term price 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 British Steel Limited Scunthorpe site, so any significant interruption to supply would have an impact on the ability of the company to operate during any period of outage.

#### **Pensions**

The company provides pension benefits to employees by means of a defined contribution pension scheme, known as the Merchant Bar Stakeholder Pension Scheme, that is fully compliant with the conditions set out by Government that this type of scheme must meet.

Caparo Industries UK Limited (the parent company of Caparo Steel Products Limited) entered administration on 19th October 2015 leaving the Caparo Group CI88 defined benefit scheme (which closed to future accrual earlier that same year) in crisis with 4 of its 5 employers insolvent, with LMB remaining the only solvent employer. Throughout 2017/18 the directors have engaged proactively, together with independent expert pension advisers and separate expert legal advisers appointed by the company, to assist their negotiations with the CI88 scheme trustee, their scheme advisers and the PPF, with the aim of reaching a compromise and containing any liability on LMB going forward. These negotiations are at a developed stage by year end, but short of reaching a final conclusion. The indications are that all parties remain certain that a satisfactory agreement can be reached thus avoiding the CI88 scheme being wound up prematurely, and crystallising a liability on LMB 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, the complete solution cannot be drawn up finally. Therefore a perceived uncertainty is expected during next financial year 2019 until an agreement and any ongoing liability has been agreed.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **Loss of Banking Facilities**

LMB 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.

#### **KEY PERFORMANCE INDICATORS**

The key financial performance indicators of the company include:

- Gross profit percentage at 18.3% (2016: 14.3%)
- Operating profit/loss percentage: 8.9% (2016: 3.1%)
- Working capital of £18.5 million (2016: £4.2m)
- Return on capital employed of 39.0% (2016: 26.4%)

#### **OTHER KEY PERFORMANCE INDICATORS**

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

---

## LIBERTY MERCHANT BAR PLC

---

### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

---

#### Health & Safety

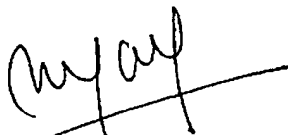
A safe working environment for all employees, contractors and visitors to the company's sites is a fundamental objective for the directors. The company employs Lost Time and Reportable accident metrics, reviewed monthly with commentary regarding remedial, corrective and continuous improvement actions.

#### 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.



**Mr Virinder Bahadur Garg**  
Director

Date:

16/08/18



---

## **LIBERTY MERCHANT BAR PLC**

---

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2018**

---

The directors present their report and the financial statements for the period ended 31 March 2018.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

#### **Results and dividends**

The profit for the period, after taxation, amounted to £7,622,000 (2016 - £1,256,000).

#### **Directors**

The directors who served during the period were:

A Charman (resigned 1 August 2017)  
S Unwin (resigned 1 August 2017)  
A S Coghill (resigned 1 August 2017)  
S A Mason (resigned 23 June 2017)  
Mr Virinder Bahadur Garg (appointed 1 August 2017)  
Mr Sanjay Tohani (appointed 8 September 2017)

---

## **LIBERTY MERCHANT BAR PLC**

---

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **Matters covered in the strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' 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.

#### **Director's Indemnity Insurance**

Directors Indemnity insurance is in place.

#### **Disclosure of information to auditors**

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

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

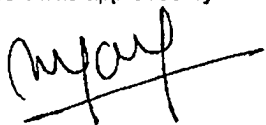
#### **Post balance sheet events**

There are no post balance sheet events.

#### **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.



**Mr Virinder Bahadur Garg**  
Director

Date:

16/08/18

---

## **LIBERTY MERCHANT BAR PLC**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERTY MERCHANT BAR PLC**

---

#### **Opinion**

We have audited the financial statements of Liberty Merchant Bar Plc (the 'company') for the period ended 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 FRS 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 March 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 UK, including the FRC'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.

#### **Emphasis of Matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 23 to the financial statements concerning the possible outcome of the final settlement of the Caparo 1988 (defined benefit) pension scheme and the impact on Liberty Merchant Bar plc (formerly known as Caparo Merchant Bar Plc), who are a member of the scheme. These financial statements do not include the estimated impact of any final settlement between the Caparo 1988 (defined benefit) pension scheme and Liberty Merchant Bar plc (formerly known as Caparo Merchant Bar Plc), and the scheme has been accounted for as a defined contribution scheme throughout the period ended 31 March 2018. As the ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. 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.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERTY MERCHANT BAR PLC**

---

#### **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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and 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.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERTY MERCHANT BAR PLC**

---

#### **Opinion on other matters prescribed by the Companies Act 2006**

Our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period 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 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 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.

#### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

---

## **LIBERTY MERCHANT BAR PLC**

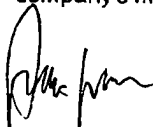
---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERTY MERCHANT BAR PLC**

---

#### **Use of the audit report**

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



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: 17 AUGUST 2018

---

## LIBERTY MERCHANT BAR PLC

---

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2018

---

	Note	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Turnover		99,193	73,427
Cost of sales		(80,996)	(63,319)
<b>Gross profit</b>		<b>18,197</b>	<b>10,108</b>
Distribution costs		(3,798)	(3,566)
Administrative expenses		(5,620)	(4,229)
<b>Operating profit</b>		<b>8,779</b>	<b>2,313</b>
Interest receivable and similar income	8	-	8
Interest payable and expenses	9	(785)	(685)
<b>Profit before tax</b>		<b>7,994</b>	<b>1,636</b>
Tax on profit	10	(372)	(380)
<b>Profit for the period</b>		<b>7,622</b>	<b>1,256</b>
<b>Other comprehensive income for the period</b>			
Release from revaluation reserve		123	99
<b>Other comprehensive income for the period</b>		<b>123</b>	<b>99</b>
<b>Total comprehensive income for the period</b>		<b>7,745</b>	<b>1,355</b>

There were no recognised gains and losses for the above periods other than those included in the profit and loss account.

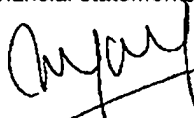
The notes on pages 17 to 38 form part of these financial statements.

**LIBERTY MERCHANT BAR PLC**  
**REGISTERED NUMBER: 1860172**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	31 March 2018 £000	31 December 2016 £000
<b>Fixed assets</b>			
Tangible assets	11	3,991	4,623
		<u>3,991</u>	<u>4,623</u>
<b>Current assets</b>			
Stocks	13	10,136	9,546
Debtors	14	13,306	8,136
Cash at bank and in hand	15	1,799	7,102
		<u>25,241</u>	<u>24,784</u>
Creditors: amounts falling due within one year	16	(18,688)	(30,015)
<b>Net current assets/(liabilities)</b>		<u>6,553</u>	<u>(5,231)</u>
<b>Total assets less current liabilities</b>		<u>10,544</u>	<u>(608)</u>
Creditors: amounts falling due after more than one year	17	(4,844)	(1,313)
<b>Provisions for liabilities</b>			
Other provisions	21	(115)	(115)
		<u>(115)</u>	<u>(115)</u>
<b>Net assets/(liabilities)</b>		<u><u>5,585</u></u>	<u><u>(2,036)</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	250	2,467
Share premium account		-	1,553
Revaluation reserve		2,863	2,986
Profit and loss account		<u>2,472</u>	<u>(9,042)</u>
		<u><u>5,585</u></u>	<u><u>(2,036)</u></u>

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

  
**Mr Virinder Bahadur Garg**  
 Director

The notes on pages 17 to 38 form part of these financial statements.



## LIBERTY MERCHANT BAR PLC

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	2,467	1,553	2,986	(9,042)	(2,036)
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	7,622	7,622
Difference between actual and historic cost depreciation	-	-	-	123	123
<b>Other comprehensive income for the period</b>	-	-	-	123	123
<b>Total comprehensive income for the period</b>	-	-	-	7,745	7,745
Statutory Re-organisation	-	-	-	3,769	3,769
Shares redeemed during the period	-	(1,553)	-	-	(1,553)
Shares cancelled during the period	(2,217)	-	-	-	(2,217)
Transfer to/from profit and loss account	-	-	(123)	-	(123)
<b>At 31 March 2018</b>	<b>250</b>	<b>-</b>	<b>2,863</b>	<b>2,472</b>	<b>5,585</b>

#### Description of Reserves

##### Profit and Loss Account

The Profit and Loss Account represents cumulative profits and losses of the company.

##### Share Premium

The Share Premium Account is a non-distributable reserve and represents the amount above the nominal value received for shares sold, less any transaction costs associated with the issuing of shares.

##### Revaluation Reserve

The Revaluation 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.

The notes on pages 17 to 38 form part of these financial statements.

---

## LIBERTY MERCHANT BAR PLC

---

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

---

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	2,467	1,553	3,085	(10,397)	(3,292)
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,256	1,256
Difference between actual and historic cost depreciation	-	-	-	99	99
<b>Other comprehensive income for the year</b>	-	-	-	99	99
<b>Total comprehensive income for the year</b>	-	-	-	1,355	1,355
Transfer to/from profit and loss account	-	-	(99)	-	(99)
<b>At 31 December 2016</b>	<b>2,467</b>	<b>1,553</b>	<b>2,986</b>	<b>(9,042)</b>	<b>(2,036)</b>

#### Description of Reserves

##### Profit and Loss Account

The Profit and Loss Account represents cumulative profits and losses of the company.

##### Share Premium

The Share Premium Account is a non-distributable reserve and represents the amount above the nominal value received for shares sold, less any transaction costs associated with the issuing of shares.

##### Revaluation Reserve

The Revaluation 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.

The notes on pages 17 to 38 form part of these financial statements.

---

## LIBERTY MERCHANT BAR PLC

---

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

---

	31 March 2018 £000	31 December 2016 £000
<b>Cash flows from operating activities</b>		
Profit for the financial period	7,622	1,256
<b>Adjustments for:</b>		
Depreciation of tangible assets	908	943
Interest paid	785	685
Interest received	-	(8)
Taxation charge	61	380
(Increase) in stocks	(590)	(1,272)
(Increase) in debtors	(4,933)	(1,107)
(Increase)/decrease in amounts owed by groups	(237)	-
(Decrease)/increase in creditors	(5,483)	2,154
Increase in amounts owed to groups	5	-
Corporation tax received	65	-
<b>Net cash generated from operating activities</b>	<b>(1,797)</b>	<b>3,031</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(276)	(27)
Interest received	-	8
<b>Net cash from investing activities</b>	<b>(276)</b>	<b>(19)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(3,445)	(471)
Other new loans	1,000	-
Interest paid	(785)	(685)
<b>Net cash used in financing activities</b>	<b>(3,230)</b>	<b>(1,156)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,303)</b>	<b>1,856</b>
Cash and cash equivalents at beginning of period	7,102	5,246
<b>Cash and cash equivalents at the end of period</b>	<b>1,799</b>	<b>7,102</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	1,799	7,102
	<b>1,799</b>	<b>7,102</b>

The notes on pages 17 to 38 form part of these financial statements.

---

# **LIBERTY MERCHANT BAR PLC**

---

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

### **1. General information**

Liberty Merchant Bar PLC presents its financial statements for the period ended 31 March 2018. The presentation currency for the financial statements is pounds sterling (£). The company is limited by shares and is registered in England and Wales. Its registered address is Liberty House, Scunthorpe Steel Works, Brigg Road, Scunthorpe DN16 1XA.

The principal activity of the company for the current and preceding year was the transformation of primary steel product in to a range of hot rolled secondary steel products known as "merchant bars".

A summary of the company's accounting policies, which have been consistently applied, are set out below:

### **2. Accounting policies**

#### **2.1 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.

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

Liberty Merchant Bar PLC is not producing consolidated group accounts on the basis that its subsidiary entity is dormant.

#### **2.2 Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report section on pages 1 to 6. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

On 30th June 2017, Liberty House Group (part of the GFG Alliance) completed the purchase of 100% of the shareholding in LMB from the administrator of Caparo Steel Products Limited (in liquidation), the administrator having purchased prior to that date the 25% minority shareholding from Tata Steel UK Ltd to add to their existing 75% shareholding. The transfer of the total share capital to the Liberty House Group, and acquisition by them, was approved by the company board because it provided a solvent solution for LMB, to the benefit of all creditors and other stakeholders, and more importantly avoided the sale of business and assets of the company via the alternative, less attractive, accelerated sales process.

The Company renegotiated its raw material supply contract with major supplier wherein part of the dues were agreed to be written off and balance deferred for certain period. Further, post-acquisition by Liberty House Group the banking working capital facility was re-instated thus normalising the operations. The Cash flow forecasts are prepared and reviewed regularly. A number of business key performance indicators are reviewed daily, weekly and monthly with reference to budget and forecasts. The ongoing performance of LMB 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. The Company (as detailed in Note 23) remains in discussion with pension trustees to reach an agreement. These negotiations are at a developed stage by year end, but short of reaching a final conclusion.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **2. Accounting policies (continued)**

##### **2.3 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### **2.5 Tangible fixed assets**

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

---

## **LIBERTY MERCHANT BAR PLC**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **2. Accounting policies (continued)**

##### **2.5 Tangible fixed assets (continued)**

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.

Depreciation is provided on the following basis:

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

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.

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.

##### **2.6 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.

##### **2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.8 Stocks**

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

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 2. Accounting policies (continued)

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction 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.

##### 2.10 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.

##### 2.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

The Company holds basic financial instruments, which comprise cash and cash equivalents, debtors, creditors and loans.

The Company also holds non-basic financial instruments in the form of foreign currency forward contracts.

The Company has chosen to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues in full.

##### **Financial assets - Classified as basic instruments**

Financial assets are defined as cash or any asset from another entity, or a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The categories of financial asset held by the Company are debtors, cash and cash equivalents.

Debtors are assets with fixed or determinable payments that are not quoted on an active market, other than those that are categorised as financial assets at transaction value through profit and loss. These are initially recognised at the transaction price. At each Balance Sheet date, they are subsequently measured at amortised cost, with interest income recognised to the profit and loss using the effective interest method.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **2. Accounting policies (continued)**

##### **2.11 Financial instruments (continued)**

###### **Financial liabilities - Classified as basic instruments**

Financial liabilities are defined as any liability that is contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. Financial liabilities held by the Company include trade creditors and loans. Interest charges are recognised in the profit and loss using the effective interest method. The only category of financial liability held by the Company is those measured at amortised cost using the effective interest method.

###### **Financial assets and liabilities - Classified as non-basic instruments**

Derivatives such as 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 profit or loss in finance costs or income as appropriate.

##### **2.12 Creditors**

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

##### **2.13 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

##### **2.14 Currency contracts**

The Company uses foreign currency forward contracts to manage its exposure to fair value risk on its foreign currency balances and transactions. These derivatives are measured at fair value at each Balance Sheet date.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year.



---

## **LIBERTY MERCHANT BAR PLC**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **2. Accounting policies (continued)**

##### **2.15 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 23.

##### **2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

##### **2.17 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 Statement of Comprehensive Income 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.

---

## **LIBERTY MERCHANT BAR PLC**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

---

#### **2. Accounting policies (continued)**

##### **2.18 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge 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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

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

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

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 3. 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 2, 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.

#### 4. Turnover

Analysis of turnover by country of destination:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
United Kingdom	56,458	40,602
Rest of Europe	42,721	32,501
Rest of the world	14	324
	<u>99,193</u>	<u>73,427</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 5. Operating profit

The operating profit is stated after charging:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Depreciation of tangible fixed assets	908	943
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	20	19
<b>Fees payable to the Company's auditors and its associates for other services to the group:</b>		
- The audit of the Company's subsidiaries pursuant to legislation	5	5
- All other services	15	2
Pension costs	458	379
Operating lease rentals	160	162
	<u>          </u>	<u>          </u>

#### 6. Employees

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

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Wages and salaries	6,058	4,864
Social security costs	603	484
Cost of defined contribution scheme	458	379
	<u>7,119</u>	<u>5,727</u>

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

	15 month period ended 31 March 2018 No.	Year ended 31 December 2016 No.
Production and sales	137	148
Administration	14	19
	<u>151</u>	<u>167</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 7. Directors' remuneration

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Directors' emoluments	230	475
Company contributions to defined contribution pension schemes	33	80
	<u>263</u>	<u>555</u>

During the period retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £82,584 (2016 - £182,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,049 (2016 - £25,000).

#### 8. Interest receivable

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Other interest receivable	-	8
	<u>-</u>	<u>8</u>

#### 9. Interest payable and similar charges

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Bank interest payable	785	674
Other interest	-	11
	<u>785</u>	<u>685</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 10. Taxation

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	61	-
	<u>61</u>	<u>-</u>
<b>Total current tax</b>	<u>61</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	311	284
Adjustments in respect of previous periods	-	96
<b>Total deferred tax</b>	<u>311</u>	<u>380</u>
<b>Taxation on profit on ordinary activities</b>	<u>372</u>	<u>380</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 10. Taxation (continued)

##### Factors affecting tax charge for the period/year

The tax assessed for the period/year is the same as (2016 - higher than) the standard rate of corporation tax in the UK of 19.2% (2016 - 20.25%). The differences are explained below:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Profit on ordinary activities before tax	7,994	1,636
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.2% (2016 - 20.25%)	1,535	327
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	146	30
Capital allowances for period/year in excess of depreciation	(17)	127
Group relief claimed	(859)	-
Adjustments to tax charge in respect of prior periods	42	99
R & D Claim	(7)	-
Other differences leading to an increase (decrease) in the tax charge	(9)	1
Adjustment for closing deferred tax to average rate	138	288
Adjustment for opening deferred tax to average rate	(222)	(250)
Deferred tax not recognised	(375)	(242)
<b>Total tax charge for the period/year</b>	<b>372</b>	<b>380</b>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 10. Taxation (continued)

##### Factors that may affect future tax charges

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

#### 11. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	5,650	39,525	45,175
Additions	-	276	276
At 31 March 2018	5,650	39,801	45,451
<b>Depreciation</b>			
At 1 January 2017	2,563	37,989	40,552
Charge for the period on owned assets	127	781	908
At 31 March 2018	2,690	38,770	41,460
<b>Net book value</b>			
At 31 March 2018	2,960	1,031	3,991
At 31 December 2016	3,087	1,536	4,623



---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 11. Tangible fixed assets (continued)

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

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Cost	200	200
Accumulated depreciation	(100)	(100)
<b>Net book value</b>	<b>100</b>	<b>100</b>

#### 12. Investments

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
United Merchant Bar Limited	Ordinary	100 %	Dormant

United Merchant Bar Limited generated no profit or loss because it is dormant. At 31 December 2017 the aggregate of share capital and reserves was £1.

#### 13. Stocks

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Raw materials and consumables	3,064	3,540
Finished goods and goods for resale	7,072	6,006
	<b>10,136</b>	<b>9,546</b>

The cost of stock recognised as an expense in the period was £73,059k (2016: £52,314k).

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 14. Debtors

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Due after more than one year</b>		
Deferred tax asset	1,069	1,342
	<u>1,069</u>	<u>1,342</u>
<b>Due within one year</b>		
Trade debtors	11,045	5,723
Amounts owed by group undertakings	237	-
Other debtors	248	636
Prepayments and accrued income	707	435
	<u>13,306</u>	<u>8,136</u>

Amounts due from group undertakings are repayable on demand and are not subject to interest charges.

#### 15. Cash and cash equivalents

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Cash at bank and in hand	1,799	7,102
	<u>1,799</u>	<u>7,102</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 16. Creditors: Amounts falling due within one year

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Bank loans and overdrafts	13,128	16,103
Other loans	1,000	-
Trade creditors - external suppliers	2,700	12,381
Trade creditors - amounts owed to related undertakings	5	-
Corporation tax	133	7
Taxation and social security	137	118
Accruals and deferred income	1,585	1,406
	<u>18,688</u>	<u>30,015</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

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Bank loans	844	1,313
Trade creditors	4,000	-
	<u>4,844</u>	<u>1,313</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.

#### Trade Creditors

The company has come to an arrangement with one of their suppliers to defer the above amount of trade creditors payable for a period of over 1 year.

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 18. Loans

Analysis of the maturity of loans is given below:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Amounts falling due within one year</b>		
Bank loans	13,128	16,103
Other loans	1,000	-
	<u>14,128</u>	<u>16,103</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	844	1,313
	<u>844</u>	<u>1,313</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 19. Financial instruments

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	29	238
Financial assets measured at amortised cost	1,799	7,102
Financial assets that are debt instruments measured at amortised cost	11,283	5,723
	<u>13,111</u>	<u>13,063</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(21,677)	(29,797)
	<u>(21,677)</u>	<u>(29,797)</u>

Financial assets measured at fair value through profit or loss comprise of derivatives totaling £29k (2016: £238k).

Financial assets measured at amortised cost comprise cash at bank and in hand totaling £1,799k (2016: £7,102k).

Financial assets that are debt instruments measured at amortised cost comprise trade debtors totaling £11,046k (2016: £5,723k) and intercompany balances of £237k (2016: £Nil)

Financial liabilities measured at amortised cost comprise bank loans and overdrafts totaling £13,972k (2016: £17,416k), trade creditors totaling £6,700k (2016: £12,381k), intercompany totaling £5k (2016: nil) and other loans £1,000k (2016: nil).

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 19. Financial instruments (continued)

##### Derivative financial instruments

The company uses forward foreign exchange contracts to manage exposure to foreign exchange risk associated with foreign denominated loans and trading. The fair value of the derivative instruments has been estimated using valuation techniques which use market and non-marketing inputs to estimate the expected discounted cash flows. The valuation techniques use contracted exchange rates and current forward rates as determined by the issuer of the derivative contract

	15 month period ended 31 March Contract value 2018 £000	15 month period ended 31 March Contract value 2016 £000	Year ended 31 December Fair value 2018 £000	Year ended 31 December Fair value 2016 £000
Less than one year	8,941	9,527	9,146	9,289
	<u>8,941</u>	<u>9,527</u>	<u>9,146</u>	<u>9,289</u>

#### 20. Deferred taxation

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
At beginning of year	1,342	1,722
Utilised in year	(273)	(380)
At end of year	<u>1,069</u>	<u>1,342</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Accelerated capital allowances	1,342	1,722
Short term timing differences	(273)	(380)
	<u>1,069</u>	<u>1,342</u>

#### 21 Provisions

	Environmental and Dilapidation provision £000
At 1 January 2017	115
At 31 March 2018	<u>115</u>

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 Liberty Merchant Bar operations have on the Scunthorpe steel site as a whole.

#### 22. Share capital

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
250,000 (2016 - 2,466,667) Ordinary Class A shares of £1 each	<u>250</u>	<u>2,467</u>

---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 22. Share capital (continued)

Ordinary A shares are prescribed with full voting and dividend rights.

During the year, and as a result of changes in ownership, the company altered its registration status from a Plc to a Limited entity, before reverting back to a Plc.

In order to effect these changes the capital structure of the company was amended. The directors approved the purchase by the company of a significant number of shares, before subsequently cancelling those shares.

The impact of this was to eliminate the share premium account of £1,553k and reduce the share capital from £2,467k to £250k. These transactions are disclosed in the Statement of Changes in Equity.

#### 23. Pension commitments

The company provides pension benefits to employees by means of a defined contribution pension scheme, known as the Merchant Bar Stakeholder Pension Scheme, that is fully compliant with the conditions set out by Government that this type of scheme must meet.

Caparo Industries UK Limited (the parent company of Caparo Steel Products Limited) entered administration on 19th October 2015 leaving the Caparo Group CI88 defined benefit scheme (which closed to future accrual earlier that same year) in crisis with 4 of its 5 employers insolvent, with LMB remaining the only solvent employer. Throughout the year the directors have engaged proactively, together with independent expert pension advisers and separate expert legal advisers appointed by the company, to assist their negotiations with the CI88 scheme trustee, their scheme advisers and the PPF, with the aim of reaching a compromise and containing any liability on LMB going forward. These negotiations were at a developed stage by year end, but short of reaching a final conclusion. The indications are that all parties remain certain that a satisfactory agreement can be reached, however a perceived uncertainty will remain during 2018/19 until an agreement and any ongoing liability has been resolved between the trustee, the company and a new shareholder.

#### 24. Related party transactions

During the year the company traded with Tata Steel UK Limited, its minority shareholder to 30 June 2017 when these were sold. To the period June 2017 goods and services totalled £196k (2016: £27,616k) and the debtor at the year end was £Nil (2016: £24k)

At 31 March 2018 there was a loan due to SIMEC Corporation Pte. Limited of £1m (2016: £nil). This is a related party by virtue of the shareholder of SIMEC Corporation Pte. Limited of £1m being related to one of the shareholders of Liberty Merchant Bar Plc



---

## LIBERTY MERCHANT BAR PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

---

#### 25. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Not later than 1 year	234	160
Later than 1 year and not later than 5 years	881	19
Later than 5 years	3,245	-
<b>Total</b>	<b>4,360</b>	<b>179</b>

#### 26. Controlling party

The company shares are owned by CMB Restructuring PTE Ltd. The Ultimate beneficial owner is S K Gupta.