MMH P&C Limited (formerly Parson & Crosland Limited)

Annual report and financial statements for the year ended 30 June 2012

Registered number 4600557

Directors' report

For the year ended 30 June 2012

The directors present their annual report on the affairs of MMH P&C Limited (formerly Parson & Crosland Limited), together with the audited financial statements and independent auditors' report, for the year ended 30 June 2012

Principal activity

The company changed its name from Parson & Crosland Limited to MMH P&C Limited on 22 May 2012

The company's principal activity was steel stockholding and steel processing

When Murray International Holdings Limited and its subsidiaries (the "Group") was recapitalised and restructured in 2010, the underlying objective was to provide a stable platform for the implementation of the Group's overall debt reduction and Divisional strategies The opportunity was also taken to simplify the Group's structure and funding arrangements with a view to improving credit terms

Despite this restructuring, the company struggled to secure an improvement in its trading position This was exacerbated by market volatility and the wider economic downturn As a result commodity based activities of general steel beams and sections, was operating at below optimum financial structure with a resulting adverse impact on trading results A strategic decision was therefore taken to market the sale of the company's activities, in whole or in parts

The outcome of this competitive sale process concluded with two separate and distinct strands The trade and assets of the general steel beams and sections activities of the company, together with certain assets from Murray General Steels Group Limited and Newton Steel Stocks Limited, were sold to a competitor, Barrett Steel Limited for a total consideration of £4 0m of which £1 88m relates to MMH P&C Ltd The residual operations ceased trading in May 2012 and have been wound down in an orderly manner to optimise realisations to the benefit of all stakeholders and creditors While far from ideal, this pragmatic course of action is reflective of the wider economic environment

The results for the year show a loss of £4,694,022 (2011 loss of £808,570) primarily arising from the difficult trading and market conditions encountered during the year

The company meets its day to day working capital requirements through its cash balances and inter-group funding from within the Metals Group The directors have reviewed the Company's projected profit and cash flow forecasts based on the existing group bank facilities which are scheduled to expire in the near term Following the cessation of trade, the Board of Directors and shareholders of the company have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern

At 30 June 2012 the Metals group has a bank loan and overdraft of £47,329,000, the directors are currently in discussion with the bank over how this debt will be refinanced within the Metals group These discussions have not yet concluded therefore after making enquiries, and considering the uncertainties described above, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis

Since 21 April 2010 the company has formed part of the Metals Division within the Murray International Holdings Limited (MIH) Group of companies The parent company of the Metals Division is Murray Metals Holdings Limited As a result of the refinancing undertaken at the same date, the Metals Division no longer provides cross guarantees in respect of the wider MIH Group The Metals Division only provides cross guarantees in respect of bank indebtedness within its own sub-group of companies Murray Metals Holdings Limited and its subsidiaries therefore have a ring-fenced debt facility without recourse to or from the remainder of the MIH Group

Results and dividends

	2012
	£
Retained profit at beginning of year	833,998
Loss for the period	(4,694,022)
Retained loss at end of year	(3,860,024)

The directors do not recommend the payment of a dividend (30 June 2011 - £Nil)

Financial risk management

Credit Risk

The company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments, but mitigates such risk through its policy of selecting only counterparties with high credit ratings and ensuring credit insurance is obtained where required and possible.

Liquidity Risk

Operations are financed by a mixture of shareholders' funds and group bank borrowings The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company

Cashflow Risk

The company's policy is to arrange core debt, bank loans and overdrafts, with a floating rate of interest plus an agreed margin

Directors

The directors who served during the year and thereafter are as follows

Mr D B Lawson (resigned 11 May 2012)
Mr G E Hill
Mr M S McGill

Directors' responsibilities statement
The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 and 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 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Supplier payment policy
The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

Auditors
Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

C/O Gateley LLP
One Eleven Edmund Street
Birmingham
B3 2HJ

By order of the Board
D Horne
D Horne
Secretary
19 March 2013

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMH P&C LIMITED (formerly Parson and Crosland Limited)

We have audited the financial statements of MMH P&C Limited (formerly Parson and Crosland Limited) for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet, the statement of accounting policies 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)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Statement of accounting policies concerning the company's ability to continue as a going concern As explained in the statement of accounting policies, the existing bank facilities are scheduled to expire in the near term Following the decision to exit the general steels market and cessation of trade in subsidiaries dealing in those products these conditions along with the other matters explained in the statement of accounting policies, indicate the existence of a material uncertainty significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMH P&C LIMITED (formerly Parson and Crosland Limited) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

20 March 2013

Profit and loss account

For the year ended 30 June 2012

	Notes	Year Ended 30 June 2012 £	Year ended 30 June 2011 £
Turnover	1	**15,432,920**	16,860,812
Cost of sales		**(15,237,059)**	(16,437,689)
Gross profit		**195,861**	423,123
Other operatıng expenses	2	**(1,216,708)**	(1,232,272)
Operating loss		**(1,020,847)**	(809,149)
Loss on dısposal of trade and assets	4	**(591,418)**	-
Loss on dısposal of fixed assets	4	**(378,213)**	-
Amounts wrıtten off group debtors		**(2,703,544)**	
Other ınterest receıvable and sımılar ıncome	3	**-**	579
Loss on ordinary activities before taxation	4	**(4,694,022)**	(808,570)
Tax on loss on ordınary actıvıties	6	**-**	-
Loss for the year	13	**(4,694,022)**	(808,570)

The accompanyıng notes form an ıntegral part of the financıal statements

The results are derıved from dıscontınued actıvıtıes

There are no recognısed gaıns or losses ın eıther year other than the loss for that year Accordıngly, no separate statement of total recognısed gaıns and losses ıs presented

Balance sheet

30 June 2012

	Notes	30 June 2012 £	30 June 2011 £
Fixed assets			
Tangible assets	7	-	1,819,077
Current assets			
Stocks	8	-	3,612,238
Debtors	9	**586,286**	4,029,653
Cash at bank and in hand		**80,133**	136,711
		666,419	7,778,602
Creditors: Amounts falling due within one year	10	**(373,310)**	(4,610,548)
Net current assets		**293,109**	3,168,054
Total assets less current liabilities		**293,109**	4,987,131
Net assets		**293,109**	4,987,131
Capital and reserves			
Called-up share capital	11	**4,103,133**	4,103,133
Capital redemption reserve	12	**50,000**	50,000
Profit and loss account	12	**(3,860,024)**	833,998
Shareholders' funds	13	**293,109**	4,987,131

The accompanying notes form an integral part of the financial statements

The financial statements on pages 6 to 16 were approved and authorised for issue by the Board of Directors on 19 March 2013 and signed on its behalf by

G Hill
Director

M S McGill
Director

MMH P&C Limited (formerly Parson & Crosland Limited)
Company registration number: 4600557

Accounting policies
The pnncipal accountng policies are summansed below They have all been applied consistently throughout the current and the precedıng year

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Going concern
The financial statements have been approved on the assumption that the Company remains a going concern The following paragraph summarises reasons on which the directors have reached their conclusion

The company meets its day to day working capital requirements through its cash balances and inter-group funding from within the Metals Group The directors have reviewed the Company's projected profit and cash flow forecasts based on the existing group bank facilities which are scheduled to expire in the near term Following the cessation of trade, the Board of Directors and shareholders of the company have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern

At 30 June 2012 the Metals group has a bank loan and overdraft of £47,329,000, the directors are currently in discussion with the bank over how this debt will be refinanced within the Metals group These discussions have not yet concluded therefore after making enquiries, and considering the uncertainties described above, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis

Tangible fixed assets
Tangible fixed assets are shown at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold property	Over 50 years
Plant and machinery	10% - 20% per annum
Motor vehicles	25% - 33% per annum

Residual value is calculated on prices prevailing at the date of acquisition

Stocks
Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value Costs incurred in bringing each product to its present location and condition is based on purchase cost on a first-in, first-out basis, including transport Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow-moving or defective items where appropriate

Statement of accounting policies (continued)

For the year ended 30 June 2012

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover, which is stated net of trade discounts and VAT, represents amounts invoiced to third parties at the point goods are despatched and services are performed

Pension costs

The company sponsors individual defined contribution pension plans for certain employees All contributions to the plans, which are independently administered by insurance companies, are charged in the profit and loss account in the period in which they are incurred

Leases

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis

Notes to the financial statements

For the year ended 30 June 2012

1 Turnover

All turnover in the current and prior year arose in the United Kingdom as a result of the company's principal activity.

2 Other operating expenses

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Distribution costs	**713,221**	576,504
Administration expenses	**503,487**	655,768
	1,216,708	1,232,272

3 Other interest receivable and similar income

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Interest receivable	**-**	579

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Depreciation and amounts written off tangible fixed assets		
- owned	**170,454**	235,806
Operating lease rentals		
- property	**29,000**	43,500
Auditors' remuneration for audit services	**7,794**	3,580

Amounts payable to Grant Thornton UK LLP and their associates by the company in respect of non-audit services were £Nil (30 June 2011 - £Nil)

On 16 May 2012, the company disposed of its trade and certain assets to Barrett Steel Limited The company made a loss on disposal of £591,498

The company made a loss on disposal of fixed assets of £378,213 These assets were sold to Murray Plate Group Limited on 4 April 2012

5 Staff costs

The average monthly number of employees (including executive directors) was

	Year ended 30 June 2012 Number	Year ended 30 June 2011 Number
Sales	**7**	11
Administration	**2**	2
Warehousing	**31**	37
	40	50

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
The aggregate remuneration comprised		
Wages and salaries	**1,002,744**	1,216,733
Social security costs	**74,103**	116,862
Other pension costs	**50,267**	30,659
	1,127,114	1,364,254

In the current and prior year, directors' remuneration was borne by other group undertakings

6 Tax on loss on ordinary activities

There was no tax charge/credit in the current or prior year

The difference between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Loss on ordinary activities before taxation	**(4,694,022)**	(808,570)
Tax on loss on ordinary activities at standard UK corporation tax rate of 25 5% (30 June 2011 - 27 5%)	**(1,196,976)**	(222,357)
Effects of		
Expenses not deductible for tax purposes	**695,887**	7,735
Other short term timing differences	**(99,475)**	57,688
Unrelieved tax losses and other deductions arising in the period	**583,794**	96,138
Accelerated capital allowance and other timing differences	**(92,697)**	60,796
Loss on disposal of chargeable assets	**109,467**	-
Current tax charge for the year	**-**	-

The company has tax losses available to carry forward at 30 June 2012 of £Nil (30 June 2011 £1,632,494)

7 Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor Vehicles £	Total £
Cost				
At beginning of year	1,020,183	2,020,373	308,072	3,348,628
Transfers	-	-	6,426	6,426
Disposals	(1,020,183)	(2,020,373)	(314,498)	(3,355,054)
At end of year	-	-	-	-
Depreciation				
At beginning of year	282,390	1,011,657	235,504	1,529,551
Charge for the year	15,367	123,847	31,240	170,454
Disposals	(297,757)	(1,135,504)	(266,744)	(1,700,005)
At end of year	-	-	-	-
Net book value				
At end of year	-	-	-	-
At beginning of year	737,793	1,008,716	72,568	1,819,077

8 Stocks

	30 June 2012 £	30 June 2011 £
Goods for resale	-	3,612,238

9 Debtors

	30 June 2012 £	30 June 2011 £
Amounts falling due within one year		
Trade debtors	**554,610**	3,420,635
Amounts owed by group undertakings	-	390,161
Other debtors	**31,676**	89,060
Prepayments and accrued income	-	129,797
	586,286	4,029,653

As at 30 June 2012 there is a potential deferred tax asset of £Nil (30 June 2011 £583,169) which has not been recognised in the financial statements The unrecognised deferred tax asset comprises

	30 June 2012 £	30 June 2011 £
Accelerated capital allowances	-	94,515
Short term timing differences	-	64,206
Tax losses carried forward	-	424,448
	-	583,169

10 Creditors: amounts falling due within one year

	30 June 2012 £	30 J 2011 £
Trade creditors	**317,191**	3,105,610
Amounts owed to group undertakings	-	1,195,239
Corporation tax	**20,277**	20,277
Other taxation and social security	**13,364**	34,385
Accruals and deferred income	**22,478**	255,037
	373,310	4,610,548

Notes to the financial statements
For the year ended 30 June 2012

11 Called-up share capital

	30 June 2012 £	30 June 2011 £
Allotted, called up and fully paid		
4,103,133 ordinary shares of £1 each	**4,103,133**	4,103,133

12 Reserves

	Profit and loss account £	Capital redemption reserve £	Total £
At beginning of the year	833,998	50,000	883,998
Loss for the year	(4,694,022)	-	(4,703,693)
At end of the year	**(3,860,024)**	**50,000**	**(3,819,695)**

13 Reconciliation of movements in shareholder's funds

	30 June 2012 £	30 June 2011 £
Loss for the financial year	**(4,694,022)**	(808,570)
Opening shareholder's funds	**4,987,131**	5,795,701
Closing shareholder's funds	**293,109**	4,987,131

14 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments contracted for but not provided for were £Nil (30 June 2011 - £nil)

b) Contingent liabilities

The company has guaranteed bank borrowings of its intermediate holding company, Murray Metals Holdings Limited, and certain other subsidiary undertakings The total contingency as at 30 June 2012 amounts to £46,904,767 (30 June 2011 - £58,824,187) Security for the bank facilities consists of cross guarantees and a debenture containing fixed and floating charges over the assets of the company

c) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2012		2011	
	Property	**Other**	Property	Other
Expiry date	**£**	**£**	£	£
Over 5 years	-	-	43,500	-

15 Related party transactions

As a subsidiary undertaking of Murray Metals Holdings Limited and Murray International Holdings Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures", from disclosing transactions with other members of the group headed by Murray Metals Holdings Limited and of the wider group by Murray International Holdings Limited

16 Ultimate controlling party

The company is a subsidiary undertaking of Murray General Steels Group Limited which in turn is a subsidiary undertaking of Murray Metals Holdings Limited The ultimate parent company is Murray International Holdings Limited

The largest and smallest group of which the company is a member and for which group financial statements are drawn up is that headed by Murray International Holdings Limited whose principal place of business is at 10 Charlotte Square, Edinburgh EH2 4DR

Sir D E Murray, a director of the ultimate holding company, and members of his close family control the company as a result of controlling directly or indirectly 70% (30 June 2011 - 70%) of the issued share capital of the ultimate holding company