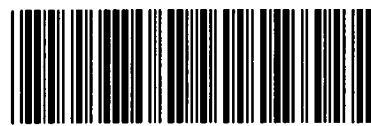


MRC Transmark Holdings UK Limited

Report and Financial Statements

31 December 2017

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COMPANIES HOUSE

Directors

A Velic
C Hellmund
S Aasland
E R Bond

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds LS11 5QR

Bankers

Bank of America Merrill Lynch
2 King Edward Street
London EC1A 1HQ

HSBC Bank Plc
PO Box 105
33 Park Row
Leeds LS1 1LD

Registered Office

Heaton House
Riverside Drive
Bradford
West Yorkshire
BD19 4DH

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2017.

Principal activities and review of the business

The principal activity of the company was that of an international parent undertaking.

The key performance indicators during the year were as follows:

	2017 £	2016 £	Changes
Profit on ordinary activities before taxation	2,003,610	4,007,551	(50)%
Profit for the financial year after taxation	1,997,356	4,007,240	(50)%
Investments	35,866,251	35,850,057	4.4%
Equity shareholders' funds	66,087,836	63,305,980	0.0%

The principle factors influencing the results of the current year are the movement in foreign currency assets and liabilities held by the company (see note 3 below) and dividend received from MRC Global (New Zealand) Ltd.

As part of the company's role in financing the operations of the international group, the company holds a number of loans, most of which are denominated in foreign currencies.

Principal risks and uncertainties

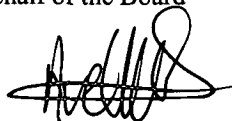
The company's principle activities as the parent undertaking of an international group are holding investments, financing operations and growth and the provision of management services to the international group. Consequently the risks to the company include the following.

The performance of subsidiary undertakings is important to ensure the continued value of the investments held. The Directors of the company are closely involved in the monitoring and influencing of performance of the subsidiary undertakings to support their continued value to the company.

Exposure to foreign exchange through the financing activities of the business is and will continue to be a key risk to the business in the international group.

The UK decision to leave the EU will result in a period of volatility and further exposure to exchange markets.

On behalf of the Board



Adnan Velic
Director

14/09/ 2018

Registered No. 5436123

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year amounts to £1,997,356 (2016 profit – £4,007,240). The directors do not recommend a final dividend (2016 – £nil).

Directors

The directors who served the company during the year were as follows:

A Velic
K Singh (resigned 31 December 2017)
S Aasland
E R Bond
C Hellmund (appointed 1 January 2018)

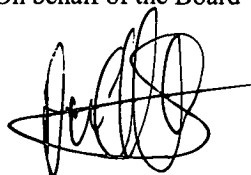
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Adnan Velic
Director

14/09/2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

Independent auditors' report

to the members of MRC Transmark Holdings UK Limited

Opinion

We have audited the financial statements of MRC Transmark Holdings UK Limited for the year ended 31 December 2017 which comprise the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet and the related notes 1 to 17, 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 company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

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.

Independent auditors' report

to the members of MRC Transmark Holdings UK Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Independent auditors' report

to the members of MRC Transmark Holdings UK Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, 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.

Ernst & Young LLP

Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

17/9/2018

Profit and loss account

for the year ended 31 December 2017

	Notes	2017 £	2016 £
Administrative expenses		4,329,299	(3,218,918)
Operating (loss)/profit	3	(4,329,299)	3,218,918
Interest receivable and similar income	6	(2,138,671)	(1,116,460)
Interest payable and similar charges	7	1,114,690	327,827
Income receivable from group undertakings		(5,308,928)	-
Profit on ordinary activities before taxation		2,003,610	4,007,551
Tax on profit on ordinary activities	8	6,254	311
Profit for the financial year		1,997,356	4,007,240

All activities relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2017

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £1,997,356 in the year ended 31 December 2017 (2016 profit – £4,007,240).

Statement of changes in equity

for the year ended 31 December 2017

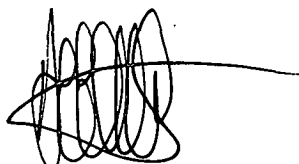
	<i>Called up equity share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Equity shareholders' funds</i>
	£	£	£	£
At 1 January 2016	96,015,668	19,221,261	(60,411,733)	54,825,196
Profit for the financial year	-	-	4,007,240	4,007,240
Proceeds from issue of shares	2,065,495	2,065,495	-	4,130,990
Capital contribution by parent undertaking in respect of share-based payments	-	-	342,554	342,554
At 31 December 2016	98,081,163	21,286,756	(56,061,939)	63,305,980
Profit for the financial year	-	-	1,997,356	1,997,356
Capital contribution by parent undertaking in respect of share-based payments	-	-	784,501	784,501
At 31 December 2017	98,081,163	21,286,756	(53,280,082)	66,087,837

Balance sheet

at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	9	310,575	988,408
Investments	10	35,866,251	35,850,057
		<u>36,176,826</u>	<u>36,838,465</u>
Current assets			
Debtors	11	39,696,596	38,131,767
Cash at bank and in hand		1,573,961	1,086,213
		<u>41,270,557</u>	<u>39,217,980</u>
Creditors: amounts falling due within one year	12	11,206,057	12,336,685
Net current assets		<u>30,064,499</u>	<u>26,881,295</u>
Total assets less current liabilities		<u>66,241,325</u>	<u>63,719,760</u>
Provision for liabilities or charges	13	153,489	413,780
Total assets less liabilities		<u>66,087,837</u>	<u>63,305,980</u>
Capital and reserves			
Called up equity share capital	14	98,081,163	98,081,163
Share premium account		21,286,756	21,286,756
Profit and loss account		(53,280,082)	(56,061,939)
Equity shareholders' funds		<u>66,087,837</u>	<u>63,305,980</u>

Approved by the board


Adnan Velic
Director

14/09/ 2018

Notes to the financial statements

at 31 December 2017

1. Statement of compliance

MRC Transmark Holdings UK Limited is a limited liability company incorporated in England. The registered office is Heaton House, Riverside Drive, West Yorkshire, BD19 4DH.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2017.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are prepared in sterling, which is the functional currency of the company.

The individual accounts for MRC Transmark Holdings UK Limited have adopted the reduced disclosure framework for FRS102 with the following exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains and losses relating to financial instruments, and
 - exposure to and management of financial risks
- the requirements relating to certain disclosures in respect of share based payments
- the requirements relating to certain disclosures in respect of related party transactions

Group financial statements

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Related parties

The company operates as an international parent undertaking, providing and managing services to other group undertakings. Transactions with group undertakings are undertaken on an arm's length basis.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic life, as follows:

Leasehold property	–	5 years straight-line
Plant and machinery	–	10 years straight-line
Computer hardware	–	3 years straight-line
Computer software	–	3-7 years straight-line

Investments

Investments in and amounts due from subsidiary undertakings are stated at cost less amounts written off.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Costs in respect of operating leases are charged to the income statement on a straight line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight line basis

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

Derivative financial instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the income statement.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

Post-retirement benefits

The company is a participating employer in the MRC Transmark Limited defined contribution pension scheme. The assets of this scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Share-based payments

Equity-settled transactions are settled with shares issued by the ultimate parent undertaking. These are deemed to be a capital contribution to the company, which is credited to equity, with a corresponding charge to the profit and loss account, the amount of which is determined in accordance with the accounting principles set out below.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black Scholes pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date the cumulative expense recognised for equity-settled transactions reflects the extent to which the vesting period has expired and the number of shares that, in the directors' opinion, will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the profit and loss account, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account.

3. Operating (loss)/profit

This is stated after charging/(crediting):

		2017	2016
		£	£
Auditors' remuneration	- audit of the financial statements	4,300	3,950
	- tax services	106,578	64,996
Lease rentals		88,846	67,500
Foreign exchange losses/(gains)		2,930,563	(4,073,675)
Depreciation		839,526	1,394,067
		<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2017

4. Directors' remuneration

	2017 £	2016 £
Aggregate directors' remuneration		
Remuneration in respect of qualifying service	862,628	654,369
Company contributions to defined contribution pension scheme	38,850	32,962
	<u> </u>	<u> </u>
In respect of the highest paid director		
Remuneration in respect of qualifying service	376,606	276,162
Company contributions to defined contribution pension scheme	21,090	15,437
	<u> </u>	<u> </u>
	2017 No.	2016 No.
Number of directors awarded share awards in the parent undertaking in respect of qualifying service	3	3
Number of directors who exercised share awards	-	3
Number of directors accruing benefits under defined contribution pension scheme	3	2
	<u> </u>	<u> </u>

Aggregate directors' remuneration include £169,035 in respect of compensation for loss of office.

The highest paid director was awarded share awards in the parent undertaking in the previous year.

5. Staff costs

	2017 £	2016 £
Wages and salaries	5,604,632	5,308,835
Social security costs	202,514	176,595
Other pension costs	96,917	158,733
	<u> </u>	<u> </u>
	5,904,063	5,644,163
	<u> </u>	<u> </u>

Included in wages and salaries is a total expense of share-based payments of £784,501 (2016 – £342,554) from transactions accounted for as equity-settled share based payments.

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

	2017 No.	2016 No.
Administration	57	49
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2017

6. Interest receivable and similar income

	2017	2016
	£	£
Group undertakings	2,138,622	1,116,200
Other interest	49	260
	<u>2,138,671</u>	<u>1,116,460</u>

7. Interest payable and similar charges

	2017	2016
	£	£
Group undertakings	1,111,281	326,385
Other interest	3,409	1,442
	<u>1,114,690</u>	<u>327,827</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2017	2016
	£	£
UK corporation tax		
Withholding tax	6,254	311
	<u>6,254</u>	<u>311</u>
Tax on profit on ordinary activities (note 8(b))		
	<u>6,254</u>	<u>311</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before taxation	2,003,610	4,007,551
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	385,695	801,510
Timing differences for which deferred tax is not recognised	346,756	95,774
Expenses not deductible for tax purposes	38,094	27,281
Income not taxable for tax purposes	(1,052,150)	-
Group relief surrendered / (received) for no consideration	281,605	(616,833)
Utilisation of losses for which deferred tax is not recognised	-	(307,732)
Withholding tax on interest	6,254	311
	<u>6,254</u>	<u>311</u>
Tax for the year (note 8(a))	<u>6,254</u>	<u>311</u>

Notes to the financial statements

at 31 December 2017

8. Tax (continued)

(c) Deferred tax

The potential deferred tax asset at the balance sheet date is analysed below. The deferred tax asset has not been recognised as the future reversal of the asset is not considered likely in the foreseeable future.

	2017 £	2016 £
Decelerated capital allowances	1,062,461	668,568
Other short term timing differences	42,500	-
Tax losses carried forward	122,924	33,306
Total unprovided deferred tax	1,227,885	701,874

(d) Factors that may affect future tax charges

The company has tax losses of £723,084 (2016 - £195,916) and other short term timing differences of £6,499,769 (2016 - £3,932,755) available to offset against income and gains in future periods, on which the deferred tax asset has not been recognised as the future reversal of the asset is not considered likely in the foreseeable future.

The standard rate of corporation tax in the United Kingdom for the year is 19.25% (2016 – 20%). A change to the rate of corporation tax to 17% effected from 1 April 2020. A change in the rate of corporation tax to 17% had been substantively enacted at the balance sheet date, hence deferred tax balances have been shown on this basis.

9. Tangible fixed assets

	<i>Leasehold improvements</i> £	<i>Plant and machinery</i> £	<i>Computer hardware</i> £	<i>Computer software</i> £	<i>Total</i> £
Cost:					
At 1 January 2017	390,019	123,698	839,657	5,739,132	7,092,506
Additions	-	-	99,098	76,121	175,219
Disposals	(390,019)	(44,673)	(29,062)	(5,268,773)	(5,732,527)
At 31 December 2017	-	79,025	909,693	546,480	1,535,198
Depreciation:					
At 1 January 2017	304,530	56,845	552,308	5,190,415	6,104,098
Charge for the year	85,489	27,301	206,175	520,561	839,526
Disposals	(390,019)	(33,377)	(28,056)	(5,267,549)	(5,719,001)
At 31 December 2017	-	50,769	730,427	443,427	1,224,623
Net book value:					
At 31 December 2017	-	28,256	179,266	103,053	310,575
At 1 January 2017	85,489	66,853	287,349	548,717	988,408

Notes to the financial statements

at 31 December 2017

10. Investments

	<i>Shares in Group undertakings £</i>
Cost:	
At 1 January 2017	107,004,614
Additions	16,194
At 31 December 2017	107,020,808
Provisions:	
At 1 January 2017 and at 31 December 2017	71,154,557
Net book value:	
At 31 December 2017	35,866,251
At 1 January 2017	35,850,057

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (* indicates held by subsidiary undertakings).

	<i>Country of incorporation</i>	<i>Principal Activity</i>	<i>Percentage of shares held</i>
MRC Transmark Limited	England	Valve distribution	100%
MRC Transmark (Dragon) Limited*	England	Valve distribution	100%
MRC Global (Italy) Srl	Italy	Valve distribution	100%
MRC Global (New Zealand) Limited	New Zealand	Valve distribution	100%
MRC Global (Korea) Limited	Korea	Valve distribution	100%
MRC Global Australia Pty Limited	Australia	Piping and valve distribution	100%
MRC SPF Pty Limited*	Australia	Dormant	100%
MRC Flangefitt Limited*	England	Steel piping distribution	100%
MRC Global (Sweden) AB	Sweden	Valve distribution	100%
MRC Global Distribution (Nigeria) Ltd	Nigeria	Valve distribution	50%
MRC Global Middle East Trading LLC	Abu Dhabi	Valve distribution	49%

MRC Global Middle East Trading LLC, Abu Dhabi was established on 17 November 2016. The capital was injected on 21 February 2017.

MRC Scanfit Limited was closed on 11 April 2017.

MRC (Shanghai) Trading Co., Ltd, was established on 22 January 2018.

All subsidiary undertakings' issued share capital comprises solely of ordinary shares. All subsidiary undertakings prepare their financial statements to a common accounting reference date of 31 December.

Notes to the financial statements

at 31 December 2017

11. Debtors

	2017	2016
	£	£
Amounts due from parent undertakings	1,737,518	338,165
Amounts due from subsidiary undertakings	3,840,339	13,016,206
Amounts due from other group undertakings	34,018,438	24,341,594
Other taxes and social security	-	103,847
Prepayments and accrued income	100,301	331,955
	<u>39,696,596</u>	<u>38,131,767</u>

Amounts owed by group undertakings bear interest at market rates. No fixed repayment date has been set.

12. Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to parent undertakings	4,511,217	7,261,650
Amounts owed to subsidiary undertakings	2,614,855	4,109,477
Amounts owed to other group undertakings	3,030,993	443,952
Trade creditors	282,643	289,273
Other taxes and social security	71,488	24,451
Accruals and deferred income	694,861	207,882
	<u>11,206,57</u>	<u>12,336,685</u>

Amounts owed to group undertakings bear interest at market rates. No fixed repayment date has been set.

13. Provisions for liabilities and charges

	<i>Restructuring provision</i>
	£
At 1 January 2017	413,780
Raised in the year	70,324
Utilised in the year	(314,267)
Released in the year	(16,348)
At 31 December 2017	<u>153,489</u>

Restructuring provision relate to employee termination costs and lease termination costs in connection with corporate restructuring.

Notes to the financial statements

at 31 December 2017

14. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2017</i>		<i>2016</i>	
		<i>£</i>		<i>£</i>	
Ordinary shares of £1 each	98,081,163	98,081,163	98,081,163	98,081,163	

15. Share-based payments

MRC Global Inc. has made share-based awards to employees of the company under the 2007 Stock Option Plan and the 2011 Omnibus Incentive Plan (the "Plans"), which are settled with shares in MRC Global Inc.

There are no performance conditions attached to the awards and the vesting generally occurs over a three year period on the anniversaries of the date specified in the employees' respective option agreements, subject to accelerated vesting under certain conditions set out in those agreements. All options granted under the Plans have a maximum life of 10 years.

16. Contingent liabilities

In March 2012, MRC Global Inc. entered into a multi-currency global asset-based revolving credit facility (the "Global ABL Facility") that was subsequently amended and restated in July 2014. The five-year Global ABL Facility, which will mature on July 18, 2019, is comprised of \$1.05 billion of total revolving credit facilities, including a \$5 million facility in the United Kingdom. The facility contains an accordion feature that allows us to increase the total principal amount of the facilities by up to \$300 million.

The company guarantees the obligations of our other non-U.S. borrower subsidiaries under the Global ABL Facility. The obligations of any of our non-U.S. borrower subsidiaries are primarily secured, subject to certain exceptions, by a first-priority security interest in the accounts receivable, inventory and related assets of the non-U.S. subsidiary and our wholly owned material U.S. subsidiaries. No non-U.S. subsidiary guarantees the U.S. tranche and no property of our non-U.S. subsidiaries secures the U.S. tranche.

The company has a separate standalone borrowing base that limits its ability to borrow under its respective tranche, provided that it may utilize excess availability under the U.S. tranche to borrow amounts in excess of their respective borrowing bases but not to exceed our applicable commitment amount or \$5 million.

Subject to the foregoing, the company's ability to borrow under the Global ABL Facility is limited by a borrowing base equal to 85% of eligible receivables, plus the lesser of 70% of eligible inventory and 85% of appraised net orderly liquidation value of the inventory.

The company's borrowings bear interest at a benchmark rate, which varies based on the currency in which such borrowings are made, plus a margin varying between 1.50% and 2.00% based on our fixed charge coverage ratio.

At the balance sheet date, the company had a contingent obligation of US\$Nil (2016 – US\$Nil) in respect of borrowings by non-U.S. subsidiary undertakings under the Global ABL facility.

Notes to the financial statements

at 31 December 2017

17. Ultimate parent undertaking and controlling party

The directors regard MRC Global Inc., a company incorporated in the United States of America, as the company's ultimate parent undertaking.

The smallest and largest group of undertakings for which group financial statements are prepared and which include the results of the company is that of MRC Global Inc. Copies of the group financial statements can be obtained from MRC Global Inc., 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas, USA.

The immediate parent undertaking is MRC Transmark Group BV, which is incorporated in The Netherlands.