

Barclay & Mathieson Limited
Directors' report and financial statements
for the year ended 31 August 2000

Registered Number SC30987



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Barclay & Mathieson Limited

Directors' report and financial statements

for the year ended 31 August 2000

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Barclay & Mathieson Limited

Directors' report for the year ended 31 August 2000

The directors submit their annual report and the audited financial statements of the company and the group for the year ended 31 August 2000.

Principal activities and business review

The company and the group trade principally as steel stockholders and fabricators.

Results and dividends

The profit for the year, after taxation of the group amounted to £54,675 (1999: loss of £183,082).

The directors do not propose payment of a dividend for the year (1999: £50). The profit for the financial year of £54,675 (1999: loss of £183,132) has been transferred to reserves.

Directors and their interests

A list of the directors who served throughout the year is given below together with their interests (including those of their spouses and interests held in family trusts) in the share capital of the company.

	2000 Number	1999 Number
Mr P P Bradburn	505	425
Mrs A E Dykes (Chairperson)	100	100
Mr J Walker	4,775	4,825
Mr M J Norrie	215	165

Tangible fixed assets

The directors are of the opinion that the market value of the land and buildings of the group is in excess of the book value as reported in the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 and group will continue in business.

Barclay & Mathieson Limited

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors. A resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board



P P Bradburn
Secretary
6 November 2000

Registered office:
180 Hardgate Road
Glasgow
G51 4TB

Barclay & Mathieson Limited

Auditors' report to the members of Barclay & Mathieson Limited

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

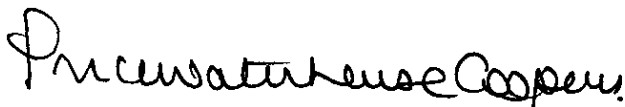
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 August 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
6 November 2000

Barclay & Mathieson Limited

Consolidated profit and loss account for the year ended 31 August 2000

	Note	2000 £	1999 £
Turnover - continuing operations	1	19,960,200	18,844,652
Cost of sales		(15,558,378)	(14,429,188)
Gross profit		4,401,822	4,415,464
Net operating expenses		(3,952,068)	(4,264,507)
Operating profit		449,754	150,957
Interest receivable		2,030	1,386
Interest payable	6	(356,660)	(372,686)
Profit/(loss) on ordinary activities before taxation	2	95,124	(220,343)
Tax on profit/(loss) on ordinary activities	7	(40,449)	37,261
Profit/(loss) for the financial year		54,675	(183,082)
Dividends		-	50
Surplus/(deficit) for the financial year	17	54,675	(183,132)

There were no gains or losses other than the profit shown above for each of the financial years, as reported under the historical cost convention.

The notes on pages 9 to 21 form part of these financial statements.

Barclay & Mathieson Limited

Reconciliation of movements in shareholders' funds

	Group	Group	Company	Company
	2000	1999	2000	1999
			£	£
Profit/(loss) attributable to shareholders	54,675	(183,132)	91,544	(10,717)
Shareholders' funds at 1 September 1999	2,651,471	2,834,603	2,624,076	2,634,793
Shareholders' funds at 31 August 2000	2,706,146	2,651,471	2,715,620	2,624,076

The notes on pages 9 to 21 form part of these financial statements.

Barclay & Mathieson Limited

Consolidated balance sheet as at 31 August 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	3,185,995	3,262,238
Current assets			
Stock	10	2,510,566	2,398,539
Debtors	11	5,338,715	5,076,062
Investments	12	1,058	2,765
Cash at bank and in hand		14,929	13,282
		7,865,268	7,490,648
Creditors: amounts falling due within one year	13	(7,072,986)	(6,102,422)
Net current assets		792,282	1,388,226
Total assets less current liabilities		3,978,277	4,650,464
Creditors: amounts falling due after more than one year	14	(1,082,131)	(1,838,993)
Provisions for liabilities and charges	15	(190,000)	(160,000)
Net assets		2,706,146	2,651,471
Capital and reserves			
Called up share capital	16	8,600	8,600
Capital redemption reserve		21,400	21,400
Profit and loss account	17	2,676,146	2,621,471
Total shareholders' funds		2,706,146	2,651,471

The notes on pages 9 to 21 form part of these financial statements.

Barclay & Mathieson Limited

Balance sheet as at 31 August 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	3,153,702	3,238,807
Investments	9	1,691,792	1,691,792
		4,845,494	4,930,599
Current assets			
Stock	10	2,489,271	2,374,901
Debtors	11	5,225,206	4,989,101
Investments	12	1,058	2,765
Cash at bank and in hand		14,847	13,210
		7,730,382	7,379,977
Creditors: amounts falling due within one year	13	(6,903,751)	(6,009,996)
Net current assets		826,631	1,369,981
Total assets less current liabilities		5,672,125	6,300,580
Creditors: amounts falling due after more than one year	14	(2,766,505)	(3,516,504)
Provisions for liabilities and charges	15	(190,000)	(160,000)
Net assets		2,715,620	2,624,076
Capital and reserves			
Called up share capital	16	8,600	8,600
Capital redemption reserve		21,400	21,400
Profit and loss account	17	2,685,620	2,594,076
Total shareholders' funds		2,715,620	2,624,076

The financial statements on pages 4 to 21 were approved by the board of directors on 6 November 2000 and were signed on its behalf by:



J. Walker
Director

Barclay & Mathieson Limited

Consolidated cash flow statement for the year ended 31 August 2000

	Note	2000 £	2000 £	1999 £	1999 £
Net cash inflow from operating activities	19		572,226		1,110,253
Returns on investment and servicing of finance					
Interest received		2,030		1,386	
Interest paid		(356,660)		(372,686)	
Net cash flow from returns on investment and servicing of finance			(354,630)		(371,300)
Taxation			55,551		(106,546)
Capital expenditure and financial investment					
Sale of tangible fixed assets		22,420		41,667	
Sale of current investment		1,885		8,873	
Repayment of loan from employee benefit trust		61,500		57,000	
Purchase of tangible fixed assets		(243,198)		(628,308)	
			(157,393)		(520,768)
Equity dividends paid			-		(34,400)
Net cash flow before financing			115,754		77,239
Financing					
Term loan advanced			-		-
Term loan repaid			(756,178)		(580,698)
Net cash outflow from financing			(756,178)		(580,698)
Decrease in net cash	20		(640,424)		(503,459)

The notes on pages 9 to 21 form part of these financial statements.

Barclay & Mathieson Limited

Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and its subsidiaries for the year.

Where subsidiary undertakings are acquired during the year the difference between the fair value attributed to the net assets acquired and the fair value of the consideration given is treated as goodwill which is capitalised and amortised on a straight line basis over ten years.

The results of subsidiary undertakings acquired during the previous year are included in the group profit and loss account from the date of acquisition.

The exemption to omit the parent company's profit and loss account from the group's financial statements has been taken. The profit after tax of the parent company for the financial year was £91,544 (1999: loss of £10,667).

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual values of each asset, other than land, on a straight line basis at the following annual rates:

Buildings	- 2.5%
Vehicles, plant and machinery	- 10% - 25%
Fixtures and fittings	- 10% - 25%

Investments

Fixed asset investments and current asset investments are stated at cost, less any provision necessary for diminution in value.

Stocks

Stocks of steel and raw materials are valued at the lower of cost and net realisable value. Cost includes transport inwards.

Work-in-progress is valued at the lower of cost and net realisable value. Cost comprises the cost of direct material and labour with an appropriate addition for production overheads.

Deferred taxation

Deferred taxation, on timing differences between profits computed for taxation purposes and profits as stated in the financial statements, is provided only where there is reasonable evidence that it will become payable within the foreseeable future.

Pensions

The costs of pension schemes providing benefits based on final pensionable pay are charged to the profit and loss account so as to spread the cost of pensions evenly over employees' remaining working lives with the group.

Barclay & Mathieson Limited

Notes to the financial statements for the year ended 31 August 2000

1 Turnover and analysis of profit and loss account

- (a) Turnover, all of which is continuing, represents the aggregate amount receivable in respect of goods sold, excluding value added tax, and arises wholly in the United Kingdom from the group's principal activity of steel stockholding and fabrication.

2 Profit on ordinary activities before taxation

	2000	1999
	£	£
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Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	319,428	348,305
Auditors' remuneration in respect of the audit of the group's statutory financial statements	21,950	32,903
Operating lease rentals - hire of vehicles	102,378	123,436
Gain on sale of tangible fixed assets	(22,408)	(11,361)
Contribution to employee benefit trust	62,500	50,000
Loss on sale of current asset investment	466	2,536
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Auditors' remuneration in respect of the audit of the company's statutory financial statements amounted to £18,950 (1999: £25,853).

Fees paid to the auditors in respect of other services provided amounted to £14,000 (1999: £24,000).

Barclay & Mathieson Limited

3 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2000	1999
	178	188

4 Employee costs

	2000	1999
	£	£
Wages and salaries	2,789,809	2,943,142
Social security costs	211,869	230,520
Other pensions costs	306,785	227,289
Staff costs	3,308,463	3,400,951

5 Directors' emoluments

Directors' emoluments, excluding pension contributions, amounted to £214,784 (1999: £174,931).

Company contributions paid to money purchase pension schemes in the year were £27,487 (1999: £23,001).

Retirement benefits are accruing to three directors (1999: two) under a defined contribution (money purchase) pension scheme and to two directors (1999: one) under a defined benefit scheme.

Total emoluments attributable to the highest paid director were £82,705 (1999: £77,438). Company contributions paid to a money purchase pension scheme in respect of the highest paid director were £21,455 (1999: £19,750). No benefits are accruing to him under a defined benefits scheme.

6 Interest payable

	2000	1999
	£	£
Interest on bank loans and overdrafts	356,660	372,686

Barclay & Mathieson Limited

7 Tax on profit/(loss) on ordinary activities

	2000	1999
	£	£
Taxation on the profit/(loss) for the year		
UK corporation tax at 20% (1999: 21%)	12,000	(54,000)
Prior year adjustment for under/(over) provision	(1,551)	(5,612)
Deferred tax (note 15)	30,000	22,351
	40,449	(37,261)

8 Tangible assets

Group	Land and buildings	Vehicles, plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 September 1999	3,077,049	2,062,074	561,802	5,700,925
Additions	66,679	164,450	12,068	243,197
Disposals	-	(157,425)	-	(157,425)
Reallocation of assets	-	15,250	(15,250)	-
At 31 August 2000	3,143,728	2,084,349	558,620	5,786,697
Accumulated depreciation				
At 1 September 1999	522,514	1,568,856	347,317	2,438,687
Charge for the year	66,181	204,791	48,456	319,428
Disposals	-	(157,413)	-	(157,413)
Reallocation of assets	-	3,950	(3,950)	-
At 31 August 2000	588,695	1,620,184	391,823	2,600,702
Net book amount				
At 31 August 2000	2,555,033	464,165	166,797	3,185,995
At 31 August 1999	2,554,535	493,218	214,485	3,262,238

Barclay & Mathieson Limited

Company	Land and buildings	Vehicles, plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 September 1999	3,077,049	1,940,741	556,957	5,574,747
Additions	66,679	144,495	12,068	223,242
Disposals	-	(131,533)	-	(131,533)
Intercompany transfers	-	4,550	(15,250)	(10,700)
At 31 August 2000	3,143,728	1,958,253	553,775	5,655,756
Accumulated depreciation				
At 1 September 1999	522,514	1,470,122	343,304	2,335,940
Charge for the year	66,181	194,114	48,041	308,336
Disposals	-	(131,523)	-	(131,523)
Intercompany transfers	-	(6,749)	(3,950)	(10,699)
At 31 August 2000	588,695	1,525,964	387,395	2,502,054
Net book amount				
At 31 August 2000	2,555,033	432,289	166,380	3,153,702
At 31 August 1999	2,554,535	470,619	213,653	3,238,807

Barclay & Mathieson Limited

9 Fixed asset investments

Company	Investment in subsidiary undertaking	Amounts due from subsidiary undertaking	Total
	£	£	£
Cost			
At 1 September 1999	1,971,792	1,300,564	3,272,356
At 31 August 2000	1,971,792	1,300,564	3,272,356
Provisions			
At 1 September 1999	280,000	1,300,564	1,580,564
Provided in the year	-	-	-
At 31 August 2000	280,000	1,300,564	1,580,564
Net book amount			
At 31 August 2000	1,691,792	-	1,691,792
At 31 August 1999	1,691,792	-	1,691,792

The group's subsidiary undertakings, which are wholly owned and operating within the United Kingdom are:

	Country of registration	Class of shares held	Nature of business
Clydeside Steel Fabrications Limited	Scotland	Ordinary	Steel fabricator
B & M Steel Limited	Scotland	Ordinary	Dormant
Tatham Miller Limited	England and Wales	Ordinary	Dormant
Tatham Steels Limited	England and Wales	Ordinary	Dormant
Liverpool Steel Services Limited	England and Wales	Ordinary	Dormant

Barclay & Mathieson Limited

10 Stocks

	Group	Group	Company	Company
	2000	1999	2000	1999
	£	£	£	£
Raw materials	8,895	9,272	-	-
Work in progress	12,400	14,366	-	-
Finished goods and goods for resale	2,489,271	2,374,901	2,489,271	2,374,901
	2,510,566	2,398,539	2,489,271	2,374,901

In the opinion of the directors the replacement cost of stock is not materially different from purchase price or production cost.

11 Debtors

	Group	Group	Company	Company
	2000	1999	2000	1999
	£	£	£	£
Debtors - amounts falling due within one year				
Trade debtors	4,293,961	3,993,538	4,206,765	3,924,167
Other debtors, prepayment and accrued income	443,254	419,524	415,713	401,934
Amounts owed by subsidiary undertakings	-	-	1,228	-
Loan to employee benefit trust	-	63,000	-	63,000
	4,737,215	4,476,062	4,623,706	4,389,101
Debtors - amounts falling due after more than one year				
Loan to employee benefit trust	601,500	600,000	601,500	600,000
	5,338,715	5,076,062	5,225,206	4,989,101

The loan to the employee benefit trust is an interest free loan, repayable on demand, to the Ranfurly Trust which holds Barclay & Mathieson Limited shares.

The purpose of establishing the Trust Fund was to improve the motivation, loyalty and performance of the employees of the company.

The potential beneficiaries of the Trust Fund include all employees and directors of the company, and their spouses, children and grandchildren.

Application of the Trust Fund is entirely at the discretion of the trustees of the Fund.

Barclay & Mathieson Limited

12 Current asset investments

	Group and Company
All investments are in UK listed companies	£
Cost	
At 1 September 1999	3,701
Disposals	(2,351)
At 31 August 2000	1,350
Provisions for diminution in value	
At 1 September 1999	936
Decrease in provision	(644)
At 31 August 2000	292
Net book value	
At 31 August 2000	1,058
At 31 August 1999	2,765

13 Creditors – Amounts falling due within one year

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Amounts owed to subsidiary undertakings	-	-	-	53,084
Bank overdrafts	3,036,613	2,394,542	2,901,659	2,281,974
Current instalments due on bank loan	756,600	755,916	750,000	750,000
Trade creditors	2,612,385	2,419,751	2,608,773	2,393,405
Other taxation and social security	357,346	266,922	341,175	264,442
Other creditors	296,642	255,291	280,744	250,091
Corporation tax	13,400	10,000	21,400	17,000
	7,072,986	6,102,422	6,903,751	6,009,996

The bank overdrafts and loans are secured by a bond and floating charge over the assets of Barclay & Mathieson Limited, Clydeside Steel Fabrications Limited and a debenture over one property. In addition, the parent company guarantees the overdraft of Clydeside Steel Fabrications Limited to the extent of £150,000.

Barclay & Mathieson Limited

14 Creditors – Amounts falling due after more than one year

	Group	Group	Company	Company
	2000	1999	2000	1999
	£	£	£	£
Amount owed to subsidiary undertaking				
Due within two to five years	-	-	1,691,505	1,691,504
Bank loans				
Due within one to two years	557,131	756,739	550,000	750,000
Due within two to five years	525,000	1,082,254	525,000	1,075,000
	1,082,131	1,838,993	2,766,505	3,516,504

- The balance of a bank loan is £13,993 (1999: £20,217), of which £7,131 (1999: £13,993) falls due after more than one year. The terms of the loan are repayment in equal monthly instalments of interest and capital over seven years from September 1995.
- The balance of a bank loan is £600,000 (1999: £1,000,000), of which of £200,000 (1999: £600,000) falls due after more than one year. The terms of the loan are repayment in equal quarterly instalments of capital over five years from November 1997.
- The balance of a bank loan is £1,225,000 (1999: 1,575,000), of which £875,000 (1999: £1,225,000) falls due after more than one year. The terms of the loan are repayment in equal quarterly instalments of capital over five years from March 1999.

15 Provisions for liabilities and charges

	Group	Company
	£	£
Movements on the deferred tax account during the year were as follows:		
At 1 September 1999	160,000	160,000
Transfer from profit and loss account:		
- current year (note 7)	19,000	19,000
- prior year (note 7)	11,000	11,000
At 31 August 2000	190,000	190,000

Barclay & Mathieson Limited

The amounts provided at 30% (1999: 30%) and total potential liability are:

	Amount provided		Total potential liability	
	Group £	Company £	Group £	Company £
Excess of capital allowances over depreciation	146,500	146,500	146,500	146,500
Other timing differences	43,500	43,500	43,500	43,500
	190,000	190,000	190,000	190,000

16 Called up share capital

	2000 £	1999 £
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
8,600 ordinary shares of £1 each	8,600	8,600

17 Profit and loss account

	Group £	Company £
At 1 September 1999	2,621,471	2,594,076
Retained profit for the financial year	54,675	91,544
At 31 August 2000	2,676,146	2,685,620

Barclay & Mathieson Limited

18 Financial commitments

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
<hr/>				
Leases expiring within:				
One year	-	-	36,920	28,000
Two to five years	60,000	58,300	46,879	83,799
Over five years	34,800	20,300	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	94,800	78,600	83,799	111,799
	<hr/>			

19 Reconciliation of operating profit to net cash flow from operating activities

	2000	1999
	£	£
<hr/>		
Continuing operations		
Operating profit	449,690	150,957
Depreciation	319,428	348,305
Gain on disposal of fixed tangible assets	(22,408)	(8,533)
(Decrease) in provision against current asset investments	(644)	(7,049)
Loss on sale of current asset investments	466	2,536
(Increase)/decrease in stocks	(112,027)	369,282
(Increase)/decrease in debtors	(328,522)	1,127,955
Increase/(decrease) in creditors	266,243	(873,200)
	<hr/>	<hr/>
Net cash flow from continuing operations	572,226	1,110,253
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Barclay & Mathieson Limited

20 Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
Decrease in cash in the year	(640,424)	(503,459)
Cash inflow from increase in debt	-	-
Repayment of loan	756,178	580,698
Change in net debt resulting from cash flows	115,754	77,239
Net debt at 1 September 1999	(4,976,169)	(5,053,408)
Net debt at 31 August 2000	(4,860,415)	(4,976,169)

21 Analysis of changes in net debt

	At 1 st September 1999 £	Cash flow £	At 31 st August 2000 £
Cash at bank and in hand	13,282	1,647	14,929
Overdrafts	(2,394,542)	(642,071)	(3,036,613)
Debt due after 1 year	(1,838,993)	756,862	(1,082,131)
Debt due within 1 year	(755,916)	(684)	(756,600)
Total	(4,976,169)	115,754	(4,860,415)

Barclay & Mathieson Limited

22 Pension scheme

The group operates two pension schemes, the No 1 scheme providing benefits based on final pensionable pay and the No 2 scheme, a defined benefits scheme with a money purchase underpin. The assets of the schemes are held separately from those of the group, being invested by professional investment managers.

The contributions to the No 1 scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The principal assumptions adopted are an interest rate of 9%, salary growth rate of 7% and a dividend growth rate of 5%.

The most recent valuation was completed at 1 September 1998 and showed the market value of the scheme's assets was £2,235,000 and that the actuarial value of those assets represented 116.6% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The total pension charge for the year for all arrangements was £306,785 (1999: £227,289). At 31 August 2000 there are amounts recorded in other debtors representing payment of contributions in advance of £264,981 (1999: £236,058).