Company Registration No. SC 30987

Barclay & Mathieson Limited

Report and Financial Statements

for the year ended 31 December 2012

Barclay & Mathieson Limited

Report and financial statements 2012

Contents

Barclay & Mathieson Limited

Report and financial statements 2012

Officers and professional advisers

Directors

Robert Kyle
Ralph D. Oppenheimer
Julian Verden
Nicholas Watson
Alastair Macphie

Secretary

Amanda Louise Phillips

Registered office

Shieldhall Works
180 Hardgate Road
Glasgow
G51 4TB

Principal bankers

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5ER

Independent Auditor

Ernst & Young LLP
G1, 5 George Square
Glasgow
G2 1DY

Barclay & Mathieson Limited
Registered No. SC 30987

Directors' report

The directors submit their annual report and the audited financial statements of the Company for the year ended 31 December 2012.

Business review and principal activities

The Company's principal activity is as steel stockholders, operating from 14 locations throughout the UK. There have been no significant changes in the Company's principal activity in the year to 31 December 2012. The directors are not aware at the date of this report, of any likely changes in the Company's activity in the coming year.

As shown in the profit and loss account on page 6, sales by the Company have increased by 13% compared with the 12 months to 31 December 2011.

Steel prices and demand rose in the first half of the year but fell away over the remainder of the year resulting in a reduction in margin levels and a loss compared to a profit in 2011.

The directors have not paid a dividend for the year (2011: £nil). There were no other exceptional items in the year. The loss for the financial period of £255,672 (2011: £1,208,555 profit) has been transferred to reserves.

The balance sheet on page 7 of the financial statements shows that the Company's financial position at the year end in net asset terms has increased from the previous year. This is consistent with the profit for this financial year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risk and uncertainty at the current time relates to the level of general economic activity in UK and world terms. This is a risk common to most companies at the current time. The Company has a very wide customer base in terms of activity and size. It also has a range of suppliers and so has no concerns regarding continuity of supply. Given these factors, the directors consider that the company is well placed to withstand and prosper in the current conditions when compared to competitors.

Other key business risks affecting the Company are considered to relate to competition from national suppliers, employee retention and product availability and price.

Future outlook

As at the date of this report economic conditions remain similar to 2012, however, further supply led price increases are expected in the coming months which will impact positively on overall performance. The Directors are confident that the Company will be profitable in 2013, and is well placed to take advantage of an upturn in demand.

Credit and Liquidity Risk

The Company's principal financial assets are trade debtors. The Company has no significant concentration of credit risk with a single counterparty as exposure is spread over a number of counterparties.
The Company's principal financial liabilities are its bank loan and trade creditors.

Barclay & Mathieson Limited
Registered No. SC 30987

Directors' report

Going Concern

In the prevailing economic conditions all companies must give careful consideration as to whether it is reasonable to use the going concern basis of accounting. The company has adequate cash resources and available group and external borrowing facilities to meet demands in the coming year, and the directors believe that the Company is well placed to manage its business risks successfully.

After making enquires, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and accounts.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs, beyond the primary financial measures including turnover and profitability, is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors of the Company, who served in the year and to the date of this report were:

Robert Kyle
Ralph Oppenheimer
Julian Verden
Nicholas Watson
Martin Joyce (resigned 18 April 2012)
Alastair Macphie (appointed 29 November 2012)

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

In accordance with Section 485, a resolution to reappoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

N Watson

22nd March 2013

Barclay & Mathieson Limited

Directors' responsibilities statement

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED

We have audited the financial statements of Barclay & Mathieson Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of total recognised gains and losses, the note of historical cost profits and losses, and the related notes 1 to 23. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 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.

Opinion on other matter 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.

Ernst & Young LLP

Walter Campbell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Glasgow, United Kingdom

26/3/2013

Barclay & Mathieson Limited

Profit and loss account
Year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	62,233,112	55,426,997
Cost of sales		(53,756,787)	(46,921,085)
Gross profit		8,476,325	8,505,912
Other operating expenses	3	(8,741,457)	(6,636,282)
Operating (loss)/profit		(265,132)	1,869,630
Gain on disposal of investment		-	62,500
Net interest payable and similar charges	7	(542,538)	(323,988)
Other finance income	20	691,000	157,000
(Loss)/Profit on ordinary activities before taxation	4	(116,670)	1,765,142
Tax charge on (loss) / profit on ordinary activities	8	(139,002)	(556,587)
(Loss)/Profit on ordinary activities after taxation	18, 19	(255,672)	1,208,555

The results above are derived solely from continuing operations.

The accompanying notes form an integral part of this profit and loss account.

Barclay & Mathieson Limited

Balance sheet
As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible fixed assets	9	17,129,227	16,963,079
Investments	10	53,251	53,251
		17,182,478	17,016,330
Current assets			
Stocks	11	12,179,000	11,802,226
Debtors	12	13,775,756	10,980,624
Cash at bank and in hand		2,272,496	1,690,326
		28,227,252	24,473,176
Creditors: amounts falling due within one year	13	(27,063,463)	(13,879,138)
Net current assets		1,163,789	10,594,038
Total assets less current liabilities		18,346,267	27,610,368
Creditors: amounts falling due after more than one year	14	-	(8,521,250)
Net assets excluding pension deficit		18,346,267	19,089,118
Pension deficit	20	(687,800)	(955,340)
Net assets including pension deficit		17,658,467	18,133,778
Capital and reserves			
Called up share capital	16	8,600	8,600
Capital redemption reserve	17	21,400	21,400
Revaluation reserve	17	5,708,164	5,708,164
Profit and loss account	18	11,920,303	12,395,614
Shareholders' funds	19	17,658,467	18,133,778

The financial statements were approved by the Board of Directors on 22nd March 2013 and were signed on its behalf by:

N Watson
Director

Barclay & Mathieson Limited

Statement of total recognised gains and losses
Year ended 31 December 2012

	Note	2012 £	2011 £
(Loss)/Profit on ordinary activities after taxation	19	(255,672)	1,208,555
Actuarial loss relating to the pension scheme	20	(289,000)	(1,375,000)
UK deferred tax attributable to the actuarial loss	20	69,361	357,500
Total recognised (loss)/gains in the year		(475,311)	191,055

Barclay & Mathieson Limited

Note of historical cost profits and losses
Year ended 31 December 2012

	2012 £	2011 £
Reported (loss)/profit on ordinary activities before taxation	(116,670)	1,765,142
Difference between historical cost depreciation charge and actual depreciation charge of the year	84,914	90,687
Historical (loss)/profit on ordinary activities before taxation	(31,756)	1,855,829
Historical (loss)/profit on ordinary activities after taxation	(170,758)	1,299,242

Barclay & Mathieson Limited

Notes to the financial statements
At 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain tangible fixed assets, in accordance with applicable accounting standards. They have all been consistently applied throughout the current and preceding year. The principal accounting policies are summarised below.

In the prevailing economic conditions all companies must give careful consideration as to whether it is reasonable to use the going concern basis. To do this the Company have reviewed its future forecasts and projections which they believe are based on prudent market data and past experience.

The company has adequate cash resources and available borrowing facilities to meet demands in the coming year, and the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going basis in preparing the report and accounts.

The company is not required to prepare and deliver group financial statements since it is itself a subsidiary undertaking and its parent undertaking Stemcor Holdings Limited is incorporated in the UK and prepares group financial statements. Therefore these financial statements present information about the company as an individual undertaking and not as a group.

Turnover

Turnover represents the invoiced amount of goods sold and services provided net of value added tax.

Revenue arising from the sales of steel is recognised when the risks and rewards of ownership have substantially passed to the customer.

Pensions

The Company operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified independent actuary, the rate of contribution payable being determined by the actuary. In accordance with FRS 17 the service cost of pension provision relating to the year, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Company's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under 'net return on pension scheme'.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 20 to the financial statements.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension cost is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transactions or if hedged at the forward contract rate.

Monetary assets and liabilities denominated in currencies other than sterling are translated at the effective rate of exchange ruling at 31 December, and gains or losses on translation are included in the profit and loss account.

Notes to the financial statements (continued)
At 31 December 2012

1. Accounting policies (continued)

Tangible fixed assets

Fixed assets are stated at cost less provision for depreciation and any impairment. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, with the exception of land, over their expected useful lives:

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

Revaluation of properties

Individual freehold and leasehold properties are revalued in accordance with FRS 15 with the surplus or deficit on book value transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions for impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes transport inwards.

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 right to pay less or to receive more, tax, with the following exception:

- 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.

Leased assets

The cost of operating leases is charged to profit and loss account on a straight line basis over the life of lease term.

Cash Flow Statement

No cash flow statement has been prepared in accordance with the exemption conferred by Financial Reporting Standard No 1 Cash flow statements (Revised 1996), as the company is part of a group.

A cash flow statement is incorporated in the consolidated financial statements of Stemcor Holdings Limited, the ultimate parent company.

Notes to the financial statements (continued)
At 31 December 2012

2. Segmental analysis

The Company operates in only one principal class of business. Full segmental information has not been disclosed as permitted by Statement of Standard Accounting Practices No. 25 Segmental Reporting.

3. Other operating expenses

	2012 £	2011 £
Administrative expenses	3,602,005	3,373,785
Distribution expenses	5,139,452	3,262,497
	8,741,457	6,636,282

4. Profit on ordinary activities before taxation

	2012 £	2011 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	915,613	704,344
Auditor remuneration – audit services	30,000	31,000
Operating lease rentals – land and buildings	270,050	131,088
Gain on sale of tangible fixed assets	(20,797)	(2,781)
Gain on disposal of investment	-	(62,500)

5. Staff Costs

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

	2012 No	2011 No
Sales and administration	108	97
Transport and warehousing	100	86
	208	183

Notes to the financial statements (continued)
At 31 December 2012

5. Staff Costs (continued)

	2012 £	2011 £
Wages and salaries	5,459,134	4,279,874
Social security costs	491,093	373,796
Other pensions costs	232,769	368,183
	6,182,996	5,021,853

6. Directors' emoluments

Directors' emoluments, excluding pension contributions, amounted to £400,974 (2011 - £443,094).

Company contributions paid to money purchase schemes in the year were £32,532 (2011 - £8,796). Retirement benefits are accruing to three directors (2011 – 1) under a defined contribution (money purchase) pension scheme and to one director (2011 – 1) under a defined benefit scheme.

Total emoluments attributable to the highest paid director were £155,061 (2011 - £188,431). Company contributions paid to a money purchase pension scheme in respect of the highest paid director were £14,832 (2011 - £Nil). No benefits are accruing to him under a defined benefits scheme.

Two other directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2011: £nil).

7. Net interest payable and similar charges

	2012 £	2011 £
Interest on bank loans and overdrafts	314,126	330,983
Interest on intercompany loan	234,030	19,224
Less:		
Bank interest	(5,618)	(5,763)
Interest on intercompany loan	-	(20,456)
	542,538	323,988

Notes to the financial statements (continued)
At 31 December 2012

8. Tax on (loss)/profit on ordinary activities

	2012	2011
	£	£
Current tax		
UK corporation tax for the year	(67,354)	572,566
Adjustment in respect of prior year	18,536	(6,905)
Total current tax on (loss)/profits on ordinary activities	(48,818)	565,661
Deferred tax	187,820	(9,074)
Tax charge on (loss)/profit on ordinary activities	139,002	556,587

The standard rate of tax for the year based on the UK standard rate of corporation is 24.5% (2011: 26.5%). The government has announced that it intends to reduce the rate of UK corporation tax to 20% by 1 April 2015. The rate of corporation tax reduced from 28% to 26% on 1 April 2011 and a reduction to 24%, effective from 1 April 2012, was included in the Finance Act that was enacted on 17 July 2012. A further reduction in the corporation tax rate to 23%, effective from 1 April 2013, was also included in the Finance Act.

As the reduction in the rate to 23% was enacted at the balance sheet date, and reduces the tax rate expected to apply when timing differences reverse, it had the effect of reducing the deferred tax asset. The further rate reductions are to be incorporated within future legislative acts and so will not be substantively enacted until later periods. The future rate reductions are not expected to have a material impact on the deferred tax asset.

The charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2012	2011
	£	£
Loss/profit on ordinary activities before taxation	(116,670)	1,765,142
Tax at 24.5.% (2011: 26.5%)	(28,581)	467,642
Effects of:		
Movement on pension deficit (FRS 17)	(162,000)	(18,980)
Capital Gains Tax Provision	-	13,419
Capital Income	-	(28,082)
Expenses not deductible for tax purposes	11,000	6,269
Depreciation in excess of capital allowances	28,542	3,849
Short term timing differences	875	59,431
Permanent difference in respect of building depreciation for year in excess of capital allowances	82,810	69,018
Adjustment in respect of prior years	18,536	(6,905)
Current tax (credit)/charge for the year	(48,818)	565,661

Notes to the financial statements (continued)
At 31 December 2012

8. Tax on profit on ordinary activities (continued)

The company has not recognised a deferred tax asset of £63,088 in the current year that relates to an excess of capital allowances over depreciation.

Deferred tax at 23% of £1,050,000 (2011 - £1,150,000) (unindexed) has not been recognised on revalued land and buildings as it is the company's intention to retain the property for the foreseeable future.

The estimated gain being rolled over on the above revalued properties is £247,928 (2011 - £247,928) and therefore deferred tax (at 23%) of £57,023 (2011 - £61,982) has not been recognised in the financial statements.

9. Tangible fixed assets

	Land and buildings £	Vehicles, plant and machinery £	Fixtures & fittings £	Total £
Cost				
As at 1 January 2012	18,540,329	4,231,705	813,472	23,585,506
Additions	294,710	758,312	43,061	1,096,083
Disposals	-	(236,570)	-	(236,570)
At 31 December 2012	18,835,039	4,753,447	856,533	24,445,019
Depreciation				
At 1 January 2012	3,066,577	2,821,096	734,754	6,622,427
Charge for the year	338,038	544,442	33,133	915,613
Disposals	-	(222,248)	-	(222,248)
At 31 December 2012	3,404,615	3,143,290	767,887	7,315,792
Net book amount				
At 31 December 2012	15,430,424	1,610,157	88,646	17,129,227
At 31 December 2011	15,473,752	1,410,609	78,718	16,963,079

The most recent professional valuation of freehold land and buildings was in December 2010. The valuation was done on an Existing Use Value basis by Knight Frank LLP, Chartered Surveyors who are external to the company.

The directors have reviewed the carrying value of the properties. There is no intention of disposing of any of the properties in the foreseeable future and so the Existing Use Value remains the most appropriate basis of valuation. Based on this and market data the directors do not believe that there has been any material change in the Existing Use Value of the properties as the basis from which it conducts its day to day operations. Consequently the directors have concluded that no informal interim valuation is required and they remain of the opinion that the value of the properties as recorded at December 2010, together with the cost of additions thereafter, remains appropriate.

Notes to the financial statements (continued)
At 31 December 2012

10. Fixed asset investments

	2012 £	2011 £
Subsidiary undertakings	53,251	53,251
	53,251	53,251

	Investment in subsidiary undertaking £
Cost	
At 1 January 2012 and 31 December 2012	1,812,756
Provisions for impairment	
At 1 January 2012 and 31 December 2012	(68,000)
Less amount owed to subsidiary undertaking	(1,691,505)
Net book amount as at 31 December 2011 and 31 December 2012	53,251

The Company's subsidiary undertakings, which are wholly owned within the United Kingdom, are:

	Country of registration	Class of shares held	Nature of business	Profit for the year £	Net assets/ (liabilities) £
B & M Steel Limited	England and Wales	Ordinary	Dormant	-	(1,300,564)
Tatham Miller Limited	England and Wales	Ordinary	Dormant	-	1,691,505
Tatham Steels Limited	England and Wales	Ordinary	Dormant	-	210,000
Liverpool Steel Services Limited	England and Wales	Ordinary	Dormant	-	1,000
Clydeside Steel Fabrications Limited	Scotland	Ordinary	Steel fabrication	38,872	98,803

Notes to the financial statements (continued)
At 31 December 2012

11. Stocks

	2012 £	2011 £
Finished goods and goods for resale	12,179,000	11,802,226

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

12. Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Amounts due from group undertakings	9,000	92,438
Amounts due from parent company	50,044	42,830
Trade debtors	12,441,139	10,345,210
Other debtors, prepayments and accrued income	601,355	500,146
Corporation tax debtor	674,218	-
	13,775,756	10,980,624

13. Creditors

Amounts falling due within one year

	2012 £	2011 £
Amounts due to group undertakings	11,314,914	2,258,810
Bank overdrafts	1,461,590	2,532,565
Bank loan (note 15)	8,521,250	500,000
Trade creditors	3,124,060	4,851,294
Other taxation and social security	218,669	110,422
Other creditors and accruals	2,422,980	3,408,758
Corporation tax creditor	-	217,289
	27,063,463	13,879,138

The bank loan is secured by a bond and floating charge over the assets of Barclay & Mathieson Limited and by security over eleven of the company's properties.

Notes to the financial statements (continued)
At 31 December 2012

14. Creditors: amounts falling due after more than one year

	2012 £	2011 £
Bank loan (note 15)	-	8,521,250
	-	8,521,250

15. Analysis of maturity of debt

	Note	2012 £	2011 £
Due in less than one year			
Bank loans	14	8,521,250	500,000
Due within one to two years			
Bank loans	15	-	500,000
Due within two to five years			
Bank loans	15	-	8,021,250
		8,521,250	9,021,250

The company has a loan with Butterfield Bank of £8,521,250 (2011: £9,021,250). The loan was taken out on 1st September 2008. Repayments commenced on February 2010 and will continue until 30th June 2013. The loan is secured by a charge over certain of the company's properties dated 1st September 2008. The loan carries interest rate at 1.65% above 3 months LIBOR.

16. Called up share capital

	2012 £	2011 £
Authorised, allotted, and fully paid		
8,600 ordinary shares of £1 each	8,600	8,600

Notes to the financial statements (continued)
At 31 December 2012

17. Other reserves

	Capital redemption reserve £	Revaluation reserve £
At 1 January 2012 and 31 December 2012	21,400	5,708,164

18. Profit and loss account

	2012 £	2011 £
At 1 January 2012	12,395,614	12,204,559
Actuarial gain on pension deficit	(289,000)	(1,375,000)
Movement on deferred tax relating to pension deficit	69,361	357,500
Profit for the financial year	(255,672)	1,208,555
At 31 December 2012	11,920,303	12,395,614

19. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	(255,672)	1,208,555
Actuarial loss on pension (deficit)	(289,000)	(1,375,000)
Movement on deferred tax relating to pension deficit	69,361	357,500
Net movement in shareholders' funds	(475,311)	191,055
Opening shareholders' funds	18,133,778	17,942,723
Closing shareholders' funds	17,658,467	18,133,778

Notes to the financial statements (continued)
At 31 December 2012

20. Pension scheme

The Company operates one pension scheme, the Barclay & Mathieson Limited Retirement and Death Benefits Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested by professional investment managers. An actuarial valuation of the pension scheme was carried out at 1 September 2010 by a qualified independent actuary. The scheme was closed to new members in May 2005 and closed to future accrual for current members on 1 May 2012.

Following the triennial valuation in September 2010, the scheme actuary proposed decreased employer contribution rates.

In deciding upon the foregoing contribution levels of the Company it considered the cost accrual of future benefits on the assumptions underlying the FRS 17 calculations. By setting the contributions at the levels chosen, the Company anticipated that the agreed contributions would be in excess of the cost of the accruing FRS 17 based liability.

The major assumptions used for the actuarial valuation were:

	2012	2011
Rate of increase in salaries	N/A	3.00%
Rate of increase in pensions in payment accrued	2.90%	2.80%
Rate of revaluation of deferred pensions in excess	2.15%	2.05%
Discount rate – non pensioners	4.35%	4.70%
Discount rate – pensioners	4.35%	4.70%
Inflation assumption	2.90%	2.80%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2012 Years	2011 Years
Retiring today		
Male	21.8	21.3
Female	24.1	23.4
Retiring in 20 years		
Male	23.9	23.1
Female	26.5	25.4

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

Notes to the financial statements (continued)
At 31 December 2012

20. Pension scheme (continued)

	%	2012 £'000	%	2011 £'000
Equities	6.00	8,514	7.20	8,465
Bonds	3.00	4,599	4.20	3,559
Other	3.00	1,073	4.20	679
Total fair value of assets		14,186		12,703
Present value of scheme liabilities		(15,091)		(13,994)
Deficit in the scheme		(905)		(1,291)
Related deferred tax asset		217		336
Net pension deficit		(688)		(955)

Movements in present value of defined benefit obligations were as follows:

	2012 £'000	2011 £'000
Scheme liabilities at start period	13,994	13,990
Current service cost	79	324
Interest cost	636	731
Contributions by scheme participants	48	88
Actuarial losses	1,380	183
Benefits paid	(402)	(1,322)
Gains on curtailments	(644)	-
Scheme liabilities at end of period	**15,091**	**13,994**

Notes to the financial statements (continued)
At 31 December 2012

20. Pension scheme (continued)

Movements in the fair value of the scheme assets were as follows:

	2012 £'000	2011 £'000
Fair value of scheme assets at start of period	12,703	14,001
Expected return on scheme assets	683	888
Actuarial gains (losses)	1,091	(1,192)
Contributions by the Company	63	240
Contributions by scheme participants	48	88
Benefits paid	(402)	(1,322)
Fair value of scheme assets at end of period	**14,186**	**12,703**

The amounts recognised in the profit and loss account and the statement of total recognised gains and losses for the year are charged as follows:

Recognised in profit and loss account:

	2012 £'000	2011 £'000
Current Service Cost	79	324

	2012 £'000	2011 £'000
Expected return on pension scheme assets	683	888
Interest on pension scheme liabilities	(636)	(731)
Gains on curtailments	644	-
Other finance income	691	157

Notes to the financial statements (continued)
At 31 December 2012

20. Pension scheme (continued)

Recognised in statement of total recognised gains and losses:

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	1,091	(1,192)
Experience gains and losses arising on the scheme abilities	(80)	175
Changes in the assumptions underlying the present value of the scheme liabilities	(1,300)	(358)
	(289)	(1,375)

History of experience gains and losses

	Year ended 31 Dec 2012 £'000	Year ended 31 Dec 2011 £'000	Year ended 31 Dec 2010 £'000	Period to 31 Dec 2009 £'000	Year ended 31 Aug 2008 £'000
Fair value of scheme assets	14,186	12,703	14,001	12,218	9,979
Present value of scheme liabilities	15,091	13,994	13,990	13,396	11,565
(Deficit)/Surplus in the scheme	(905)	(1,291)	11	(1,178)	(1,586)
Difference between the expected and actual return on the scheme	(905)	(1,192)	1,161	1,512	(2,520)
Experience gains/(losses) on scheme liabilities	(80)	175	(61)	(64)	285

The Company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £153,769 (31 December 2011: £44,183).

21. Related party transactions

The Company has elected to take advantage of the exemption from disclosure of transactions with group companies and investees of the group qualifying as related parties, available to 100% (or more) owned subsidiaries under FRS 8.

Notes to the financial statements (continued)
At 31 December 2012

22. Operating lease commitments

At 31 December 2012 the Company was committed to making the following payments during the next year in respect of operating leases:

	2012 Land and Buildings £	Other £	2011 Land and Buildings	Other £
Operating leases which expire:				
Within one year	226,050	-	85,604	-
Within two to five years	44,000	64,096	33,000	55,000
	270,050	64,096	118,604	55,000

23. Ultimate parent company

The Company is a subsidiary undertaking of Stemcor Holdings Limited, a Company registered in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by Stemcor Holdings Limited. A copy of the group financial statements can be contained from Citypoint, One Ropemaker Street, London, EC2Y 9ST.