Company Registration No. SC 30987

Barclay & Mathieson Limited

Report and Financial Statements

for the year ended 31 December 2010

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Barclay & Mathieson Limited

Report and financial statements 2010

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Barclay & Mathieson Limited

Report and financial statements 2010

Officers and professional advisers

Directors

Paul Astles
Robert Kyle
Michael Norrie
Ralph D. Oppenheimer
Julian Verden
Nicholas Watson
Martin Joyce (appointed 1 January 2011)

Secretary

Amanda Louise Bentley (resigned 19 May 2010)
Andrew Stanley Goldsmith (appointed 19 May 2010)

Registered office

Shieldhall Works
180 Hardgate Road
Glasgow
G51 4TB

Principal bankers

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5ER

Auditors

Deloitte LLP
Glasgow

Barclay & Mathieson Limited

Directors' report

The directors submit their annual report and the audited financial statements of the Company for the year ended 31 December 2010.

Business review and principal activities

The Company's principal activities are steel stockholders, operating from 12 locations throughout the UK. In addition to the 12 locations steel is also held at a dock site for the purpose of restocking the depots. There have been no significant changes in the Company's principal activities in the period to 31 December 2010. The directors are not aware at the date of this report, of any likely changes in the Company's activities in the coming year.

As shown in the profit and loss account on page 7, sales by the Company have increased significantly compared with the 12 months to 31 December 2009. This increase was 37%. Gross margin increased to 19% from 15% in the previous period and the company returned to profit.

The main reason for the improved performance compared with 2009 was a rise in steel prices. There was also some strengthening of demand although in general economic conditions remained relatively difficult.

The directors have not paid a dividend for the year (2009: £nil). There were no exceptional items in the period. The profit for the financial period of £1,335,470 (2009: loss £707,145) has been transferred to reserves.

The balance sheet on page 8 of the financial statements shows that the Company's financial position at the period end in net asset terms have reduced on the previous year from £18,006,153 to £17,942,723. The principal reason for this was a downward revaluation of property in excess of the retained profit for the 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 2010, but further supply led increases in steel prices have ensured significantly positive performance. The Directors are confident that the Company will be profitable in 2011, 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.

Barclay & Mathieson Limited

Directors' report (continued)

Credit and Liquidity Risk (continued)

The Company's principal financial liabilities are its bank loan and trade creditors.

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 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 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 KPI's 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 period and to the date of this report were:

Paul Astles
Robert George Kyle
Michael Norrie
Ralph Oppenheimer
Julian Verden
Nicholas Watson

On 1 January 2011 Martin Joyce joined the Company as a Director.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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

Barclay & Mathieson Limited

Directors' report (continued)

Independent auditors

A resolution to reappoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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

N Watson

10 | 5 2011

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAY AND MATHIESON LIMITED

We have audited the financial statements of Barclay & Mathieson Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, reconciliation of movements in shareholder's funds/(deficit), the Balance Sheet, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 2010 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.

James Boyle CA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Glasgow, United Kingdom

13 MAY 2011

Barclay & Mathieson Limited

Profit and loss account
Year ended 31 December 2010

	Note	Year to 31 December 2010 £	Year to 31 December 2009 £
Turnover – continuing operations	2	47,808,990	34,909,216
Cost of sales		(38,774,141)	(29,674,625)
Gross profit		9,034,849	5,234,591
Other operating expenses	3	(6,671,281)	(5,791,682)
Operating profit/(loss)		2,363,568	(557,091)
Write off of Investment	11	(100,000)	-
Interest receivable and similar income	7	90,279	110,199
Interest payable and similar charges	8	(407,988)	(406,531)
Net return on pension scheme	22	70,000	(12,000)
Profit/(loss) on ordinary activities before taxation	4	2,015,859	(865,423)
Tax (charge)/credit on profit/(loss) on ordinary activities	9	(680,389)	158,278
Profit/(loss) on ordinary activities after taxation	20, 21	1,335,470	(707,145)

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 2010

	Note	31 December 2010 £	31 December 2009 £
Fixed assets			
Tangible fixed assets	10	13,826,567	16,480,257
Investments	11	1,777,256	1,877,256
		15,603,823	18,357,513
Current assets			
Stocks	12	10,001,825	6,103,216
Debtors	13	12,727,541	12,636,406
Cash at bank and in hand		1,892,901	1,218,490
		24,622,267	19,958,112
Creditors: amounts falling due within one year	14	(11,549,793)	(6,562,331)
Net current assets		13,072,474	13,395,781
Total assets less current liabilities		28,676,297	31,753,294
Creditors: amounts falling due after more than one year	15	(10,712,755)	(12,820,255)
Provisions for liabilities	17	(28,739)	(78,726)
Net assets excluding pension asset/(deficit)		17,934,803	18,854,313
Pension asset/(deficit)	22	7,920	(848,160)
Net assets including pension asset/(deficit)		17,942,723	18,006,153
Capital and reserves			
Called up share capital	18	8,600	8,600
Capital redemption reserve	19	21,400	21,400
Revaluation reserve	19	5,708,164	7,958,104
Profit and loss account	20	12,204,559	10,018,049
Shareholders' funds	21	17,942,723	18,006,153

The financial statements of Barclay & Mathieson Limited, registered number SC030987, were approved by the Board of Directors on 10th May 2011 and were signed on its behalf by:

N Watson
Director
10/5/11

Barclay & Mathieson Limited

Statement of total recognised gains and losses
Year ended 31 December 2010

	Note	Year to 31 December 2010 £	Year to 31 December 2009 £
Profit/(loss) on ordinary activities after taxation	21	1,335,470	(707,145)
Actuarial gain relating to the pension scheme	22	1,182,000	379,000
UK deferred tax attributable to the actuarial gain		(330,960)	(106,120)
Total recognised gains/(losses) in the year		2,186,510	(434,265)

Barclay & Mathieson Limited

Note of historical cost profits and losses
Year ended 31 December 2010

	Year to 31 December 2010 £	Year to 31 December 2009 £
Reported profit/(loss) on ordinary activities before taxation	2,015,859	(865,423)
Difference between historical cost depreciation charge and actual depreciation charge of the period	156,954	156,954
Historical cost profit/(loss) on ordinary activities before taxation	2,172,813	(708,469)
Historical cost profit/(loss) on ordinary activities after taxation	1,492,424	(550,191)

Notes to the financial statements
Year ended 31 December 2010

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 Companies Act 2006 and applicable United Kingdom law and accounting standards. They have all been consistently applied throughout the current and preceding year. The principal accounting policies are summarised below.

The Directors in their consideration of going concern, have reviewed the Company's future forecasts and projections which they believe are based on prudent market data and past experience. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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 22 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.

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 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.

Taxation

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

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 that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred taxation is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to taxation only if and when the replacement assets are sold.

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

Notes to the financial statements (continued)
Year ended 31 December 2010

1. **Accounting policies (continued)**

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.

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. In the opinion of the directors, such disclosure would be commercially sensitive.

The Company's financial statements present information about it as an individual Company and not about its group. At 31 December 2010 and 31 December 2009 the Company was a wholly owned subsidiary undertaking of Stemcor Holdings Limited, a Company registered in England and Wales and group accounts have been prepared for that Company.

3. **Other operating expenses (net)**

	Year to 31 December 2010 £	Year to 31 December 2009 £
Administrative expenses	3,619,005	3,152,642
Distribution expenses	3,052,276	2,639,040
	6,671,281	5,791,682

Notes to the financial statements (continued)
Year ended 31 December 2010

4. Profit / (Loss) on ordinary activities before taxation

	Year to 31 December 2010 £	Year to 31 December 2009 £
Profit / (Loss) on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	779,644	735,579
Auditors' remuneration – audit services	30,000	29,000
Operating lease rentals – land and buildings	57,047	56,598
Gain on sale of tangible fixed assets	(21,213)	(4,753)
Write of off investment	100,000	-

Fees paid to the auditors in respect of other services provided amounted to £nil (2009 - £nil).

5. Staff Costs

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

	Year to 31 December 2010 No	Year to 31 December 2009 No
Sales and administration	88	89
Transport and warehousing	84	84
	172	173

	Year to 31 December 2010 £	Year to 31 December 2009 £
Wages and salaries	4,281,436	3,966,311
Social security costs	312,833	327,589
Other pensions costs (note 22)	357,318	284,998
	4,951,587	4,578,898

Notes to the financial statements (continued)
Year ended 31 December 2010

6. Directors' emoluments

Directors' emoluments, excluding pension contributions, amounted to £419,165 (prior period - £425,619).

Company contributions paid to money purchase schemes in the year were £8,385 (prior period £25,128). Retirement benefits are accruing to 2 directors (2009 – 2) under a defined contribution (money purchase) pension scheme and to 2 directors (2009 – 2) under a defined benefit scheme.

Total emoluments attributable to the highest paid director were £214,785 (prior period - £158,171). Company contributions paid to a money purchase pension scheme in respect of the highest paid director were £Nil (prior period - £Nil). No benefits are accruing to him under a defined benefits scheme.

7. Interest receivable and similar income

	Year to 31 December 2010 £	Year to 31 December 2009 £
Bank interest	7,864	5,730
Interest on intercompany loan	82,415	104,469
	90,279	110,199

8. Interest payable and similar charges

	Year to 31 December 2010 £	Year to 31 December 2009 £
Interest on bank loans and overdrafts	407,988	406,531

Notes to the financial statements (continued)
Year ended 31 December 2010

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

	Year to 31 December 2010 £	Year to 31 December 2009 £
Current tax		
UK corporation tax for the year	730,520	(141,836)
Adjustment in respect of prior year	(144)	3,385
Total current tax on profits/(loss) on ordinary activities	730,376	(138,451)
Deferred tax (note 17)	(49,987)	(19,827)
Tax charge/(credit) on profit / (loss) on ordinary activities	680,389	(158,278)

The standard rate of tax for the year based on the UK standard rate of corporation is 28% (2009: 28%). The charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	Year to 31 December 2010 £	Year to 31 December 2009 £
Profit / (Loss) on ordinary activities before taxation	2,015,859	(865,423)
Tax at 28% (2009: 28%)	564,441	(242,318)
Effects of:		
Expenses not deductible for tax purposes	40,701	6,439
Additional allowances in year	(4,285)	-
Depreciation in excess of capital allowances	32,136	16,750
Short term timing differences	15,486	3,315
Permanent difference in respect of building depreciation for year in excess of capital allowances	82,041	73,978
Adjustment in respect of prior year	(144)	3,385
Current tax charge / (credit) for the year	730,376	(138,451)

Notes to the financial statements (continued)
Year ended 31 December 2010

10. Tangible fixed assets

	Land and buildings £	Vehicles, plant and machinery £	Fixtures & fittings £	Total £
Cost				
As at 1 January 2010	16,344,716	3,550,545	770,204	20,665,465
Additions	-	349,693	37,447	387,140
Disposals	-	(253,533)	-	(253,533)
Revaluation	(850,655)	-	-	(850,655)
At 31 December 2010	15,494,061	3,646,705	807,651	19,948,417
Depreciation				
At 1 January 2010	1,071,767	2,437,378	676,063	4,185,208
Charge for the period	328,009	418,038	33,597	779,644
Disposals	-	(242,287)	-	(242,287)
Revaluation	1,399,285	-	-	1,399,285
At 31 December 2010	2,799,061	2,613,129	709,660	6,121,850
Net book amount				
At 31 December 2010	12,695,000	1,033,576	97,991	13,826,567
At 31 December 2009	15,272,949	1,113,167	94,141	16,480,257

Land and buildings were professionally valued by Knight Frank LLP, external Chartered Surveyors, on an existing use basis at 31 December 2010.

The directors are not aware of any material change in value since this date.

Notes to the financial statements (continued)
Year ended 31 December 2010

11. Fixed asset investments

	2010 £	2009 £
Subsidiary undertakings	1,744,756	1,844,756
Associates	32,500	32,500
	1,777,256	1,877,256

	Investment in subsidiary undertaking £
Cost	
At 1 January 2010 and 31 December 2010	1,912,756
Write off of Clydeside Steel Fabrication Ltd investment	(100,000)
Provisions for impairment	
At 1 January 2010 and 31 December 2010	(68,000)
Net book amount as at 31 December 2010	1,744,756

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/(loss) 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	-	1,691,504
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	(59,602)	25,119

Notes to the financial statements (continued)
Year ended 31 December 2010

11. Fixed asset investments (continued)

Investment in associates

During the period the Company held an interest in one associate, Clyde Corrosion Control Limited. Clyde Corrosion Control Limited is registered in Scotland.

	2010 £	2009 £
Share capital ordinary shares (50%) - Clyde Corrosion Control Limited	32,500	32,500

Clyde Corrosion Control Limited is engaged in the surface treatment of metals and has a year end of 31 December. Clyde Corrosion Control Limited made a loss for the year to 31 December 2010 of £15,946 (year to 31 December 2009: profit £67,521) and has net assets of £273,823 (2009: £289,769).

On 20 April 2011 Clyde Corrosion Control Limited repurchased the 50% shareholding of Barclay & Mathieson Ltd. As a result 100% of the issued share capital in Clyde Corrosion Control is owned by the Managing Director Bonnie Lowson. This will not have any effect on the operations of the Company.

12. Stocks

	2010 £	2009 £
Finished goods and goods for resale	10,001,825	6,103,216

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

13. Debtors

	2010 £	2009 £
Amounts falling due within one year:		
Amounts due from associates	7,343	13,973
Amounts due from group undertakings	121,460	82,302
Amounts due from parent company	2,534,181	5,081,645
Trade debtors	9,276,530	6,460,222
Other debtors, prepayments and accrued income	788,027	849,010
Corporation tax recoverable	-	149,254
	12,727,541	12,636,406

Notes to the financial statements (continued)
Year ended 31 December 2010

14. Creditors

Amounts falling due within one year

	2010 £	2009 £
Amounts due to associate companies	1,477	910
Amounts due to group undertakings	1,152,340	199,458
Bank overdrafts	1,560,411	827,901
Bank loans (note 16)	500,000	500,000
Trade creditors	3,538,128	4,321,669
Other taxation and social security	196,916	186,336
Other creditors and accruals	4,221,798	526,057
Corporation tax creditor	378,723	-
	11,549,793	6,562,331

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.

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

	2010 £	2009 £
Amount owed to subsidiary undertaking	1,691,505	1,691,505
Bank loans (note 16)	9,021,250	11,128,750
	10,712,755	12,820,255

Notes to the financial statements (continued)
Year ended 31 December 2010

16. Analysis of maturity of debt

	Note	2010 £	2009 £
Due in less than one year			
Bank loans	14	500,000	500,000
Due within one to two years			
Bank loans	15	500,000	500,000
Due within two to five years			
Bank loans	15	8,521,250	10,628,750
Due in more than five years			
Amount owed to subsidiary	15	1,691,505	1,691,505
		11,212,755	13,320,255

The company has a loan with Butterfield Bank which is repayable by instalments until 2014.

17. Provisions for liabilities

	£
Movements on the deferred tax account during the year were as follows:	
At 1 January 2010	78,726
Credited to the profit and loss account (note 9)	(49,987)
At 31 December 2010	28,739

The amounts provided at 27% (2009 – 28%) and total potential liability are:

	2010 £	2009 £
Excess of capital allowances over depreciation	(32,916)	318
Other timing differences	61,655	78,408
	28,739	78,726

Deferred tax at 27% of £1,250,000 (2009 - £1,850,000) (unindexed) has not been recognised on revalued land and buildings.

The estimated gain being rolled over is £247,928 (2009 - £247,928) and therefore deferred tax (at 27%) of £69,420 (2009 - £69,420) has not been recognised in the financial statements.

Notes to the financial statements (continued)
Year ended 31 December 2010

18. Called up share capital

	2010 £	2009 £
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

19. Other reserves

	Capital redemption reserve £	Revaluation reserve £
At 1 January 2010	21,400	7,958,104
Revaluation loss	-	(2,249,940)
At 31 December 2010	21,400	5,708,164

20. Profit and loss account

	2010 £	2009 £
At 1 January 2010	10,018,049	10,452,314
Actuarial gain on pension deficit	1,182,000	379,000
Movement on deferred tax relating to pension deficit	(330,960)	(106,120)
Profit / (loss) for the financial year	1,335,470	(707,145)
At 31 December 2010	12,204,559	10,018,049

Notes to the financial statements (continued)
Year ended 31 December 2010

21. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit/(Loss) for the financial year	1,335,470	(707,145)
Revaluation of Properties	(2,249,940)	-
Actuarial gain on pension deficit	1,182,000	379,000
Movement on deferred tax relating to pension deficit	(330,960)	(106,120)
Net movement in shareholders' funds	(63,430)	(434,265)
Opening shareholders' funds	18,006,153	18,440,418
Closing shareholders' funds	17,942,723	18,006,153

22. 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 2007 by a qualified independent actuary. The scheme was closed to new members in May 2005.

Following the triennial valuation in September 2007, 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:

	At 31 December 2010	At 31 December 2009	At 31 December 2008
Rate of increase in salaries	3.80%	4.50%	4.50%
Rate of increase in pensions in payment accrued	3.30%	3.40%	2.90%
Rate of revaluation of deferred pensions in excess	3.40%	3.50%	3.00%
Discount rate – non pensioners	5.40%	5.70%	6.00%
Discount rate – pensioners	5.40%	5.70%	7.00%
Inflation assumption	3.40%	3.50%	3.00%

The contribution rate for 2010 and beyond was set between 10.2 and 13.9 percent of pensionable earnings. Contributions to the scheme will continue at this level in 2011.

Notes to the financial statements (continued)
Year ended 31 December 2010

22. Pension scheme (continued)

The scheme is a closed scheme and therefore under the projected unit method the current service unit would be expected to increase as the members of the scheme approach retirement.

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:

	31 December 2010		31 December 2009		31 December 2008	
	%	£'000	%	£'000	%	£'000
Equities	7.20	9,782	7.50	8,420	8.40	5,820
Bonds	4.20	3,781	5.25	3,922	5.25	3,911
Property	-	-	7.50	8	8.40	7
Other	4.20	438	1.00	(132)	4.00	241
Total fair value of assets		14,001		12,218		9,979
Present value of scheme liabilities		(13,990)		(13,396)		(11,565)
Surplus/(Deficit) in the scheme		11		(1,178)		(1,586)
Related deferred tax liability/(asset)		(3)		330		444
Net pension asset/(deficit)		8		(848)		(1,142)

Analysis of amount charged to operating profit/(loss):

	Year to 31 December 2010 £	Year to 31 December 2009 £
Current service cost	323,000	256,000

Notes to the financial statements (continued)
Year ended 31 December 2010

22. Pension scheme (continued)

Analysis of the amount charged to other finance costs:

	Year to 31 December 2010 £	Year to 31 December 2009 £
Expected return on pension scheme assets	830,000	706,000
Interest on pension scheme liabilities	(760,000)	(718,000)
	70,000	(12,000)

Analysis of actuarial gain recognised in statement of total recognised gains and losses:

	Year to 31 December 2010 £	Year to 31 December 2009 £
Actual return less expected return on pension scheme assets	1,161,000	1,512,000
Experience gains and losses arising on the scheme liabilities	(61,000)	(64,000)
Changes in the assumptions underlying the present value of the scheme liabilities	82,000	(1,069,000)
	1,182,000	379,000

Notes to the financial statements (continued)
Year ended 31 December 2010

22. Pension scheme (continued)

Movement in deficit during the year:

	Year to 31 December 2010 £	Year to 31 December 2009 £
Deficit in the scheme at the beginning of the year:	(1,178,000)	(1,586,000)
Movement		
Current service cost	(323,000)	(256,000)
Contributions	260,000	297,000
Net finance income	70,000	(12,000)
Actuarial gain	1,182,000	379,000
Surplus / (Deficit) in the scheme at the end of the year	11,000	(1,178,000)

History of experience gains and losses

	Year ended 31 December 2010	Year ended 31 December 2009	Period from 1 September 2007 to 2008	Year ended 31 August 2007	Year ended 31 August 2006
Difference between the expected and actual return on scheme					
Amount (£)	1,161,000	1,512,000	(2,520,000)	142,000	642,000
As a percentage of scheme assets	8.3%	12.4%	(25%)	1%	6%
Experience gains and losses on scheme liabilities					
Amount (£)	(61,000)	(64,000)	285,000	(118,000)	(364,000)
As a percentage of the present value of the scheme liabilities	(0.4%)	(0.5%)	2%	(1%)	(3%)
Total amount recognised in STRGL					
Amount (£)	1,182,000	379,000	(1,964,000)	1,322,000	606,000
As a percentage of the present value of the scheme liabilities	8.4%	3%	(17%)	12%	5%

The Company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £34,318 (31 December 2009: £28,998).

Notes to the financial statements (continued)
Year ended 31 December 2010

23. 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 90% (or more) owned subsidiaries under FRS 8.

In the ordinary course of business purchases of services from Clyde Corrosion Control Limited, an associate company, amounted to £11,114 (31 December 2009 - £16,005). Sales of services to Clyde Corrosion Control Limited amounted to £40 (31 December 2009 - £nil). At 31 December 2010 Barclay & Mathieson Limited was due £7,343 (31 December 2009 - £13,973) on a current account and owed £1,477 (31 December 2009 - £910) to Clyde Corrosion Control Limited.

There were no other related party transactions in the year.

24. Operating lease commitments

At 31 December 2010 the Company was committed to making the following payments during the next year in respect of operating leases:

	Year to 31 December 2010 £	Year to 31 December 2009 £
Leases which expire in less than one year	24,047	24,000
Leases which expire within two to five years	33,000	33,000

25. 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 Level 27, One Ropemaker Street, London, EC2Y 9ST.