

**BARCLAY & MATHIESON LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**BARCLAY & MATHIESON LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Ronald Robinson Michael Anthony Welden Jean-Pierre Lajarige William Neave Hay Kyle Michael Greenwood
<b>Registered number</b>	SC030987
<b>Registered office</b>	180 Hardgate Road Glasgow Scotland G51 4TB
<b>Independent auditors</b>	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 7-10 Chandos Street London W1G 9DQ

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**BARCLAY & MATHIESON LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Introduction**

The directors submit their annual Strategic Report of the Company for the year ended 31 December 2019.

**Business review and principal activities**

The Company's principal activity is steel stockholding, operating depots in 14 locations throughout the UK. 2019 was the first full year of trade following the acquisition of the business and assets of South Essex Stockholders Ltd, which trades under the name of Industrial Metal Services ('IMS').

This significantly increased the size of the Company and has provided a good platform for improved financial performance in the coming years, through extended geographic coverage, increased processing capabilities and enhanced purchasing power. That progress however in 2019 was hampered by tougher than normal market conditions arising principally from the uncertainties around the Brexit outcome.

Turnover for the year increased by 3.6% to £113m. Reported pre-tax loss was £538k. After adjusting for amortisation of IMS goodwill (£405k) and other one off non-recurring items, adjusted trading loss was £168k. This is down from £168k profit 2018. This drop reflects the poor market conditions prevalent in 2019 mainly due to uncertainty around the Brexit outcome. The Directors are satisfied that the long-term benefits of the increased Company size will come to fruition.

Underlying EBITDA for 2019 was £3.265m (2018: £3.357m).

The Company maintains significant headroom in its fully committed banking facilities which are due for renewal in 2021.

As always, our focus remains fully on customer service, ensuring in simple terms our customers get what they want, when they want it. We continued to focus on developing and improving the quality of our service despite a challenging market in 2019.

**Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

**Price Risk**

The price of steel fluctuates due to raw material cost and demand. Any tariffs imposed can also impact cost. This is a risk common to all companies operating within the steel industry. The Company's strategy on this is to maintain a prudent approach to stock levels, actively managing stock using detailed system information to ensure that excess inventory is not carried, whilst also ensuring the stock range covers all our customer requirements. The Company also has a range of suppliers and so has no concerns regarding continuity of supply.

**UK Market Demand**

The outcome of Brexit and its impact on the supply chain and demand is not yet known. Our approach is to assume that the challenging market conditions will prevail for a lengthy period. As well as our continued customer service ethos, we continue to focus on overhead control and have already substantially reduced overheads in 2020 in response to the Covid 19 impact on the economy. We retain significant facility headroom to meet these challenges.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial key performance indicators**

We consider that our main Key Performance Indicators are underlying trading profit, and levels of stock. These are set out below for the last 4 years:

	2016	2017	2018	2019
	£	£	£	£
Trading profit (£000s)	1,945	2,068	168	(168)
Stock turn (CoGs/Stock)	3.9	4.2	4.7	5.6

At an operational level, tonnes sold, gross profit per tonne, and gross profit percentage are all focused on. Given these vary by business unit looking at them at the overall level is not conducive to understanding performance, hence they are not presented here.

The Company also monitors staff turnover at unit level, as retention of good employees is essential for the prosperity of the Company.

**Credit and liquidity risk**

The Company's principal financial assets are trade debtors, the majority of which are fully insured. 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 loans and trade creditors, which are managed through detailed cash forecasting.

**Interest rate risk**

The Company monitors the financial risk of interest rate movements on a regular basis, and the impact rises would have on profitability. Interest rates are expected to rise in the short to medium term, but the Company is well placed to deal with any such increases.

Amounts owed from group undertakings are monitored and actively managed on a monthly basis to ensure these are at a level that is acceptable for all parties involved.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**Covid-19 impact statement and Going Concern**

The global Coronavirus pandemic has caused unprecedented uncertainty across the manufacturing sector with the direct impact and ripple effect of the economic fallout currently unknown.

As a result of the pandemic and the initial lockdown a decision was taken to temporarily suspend operations.

In the first instance the health & safety and welfare of our staff, customers and suppliers was of paramount importance. The Company invested in PPE, sanitisation stations, work screens and temperature checking equipment where it was essential for staff, customers and suppliers to attend work premises together with social distancing measures and signage being employed.

The Company encouraged remote working where possible and invested in technology and equipment for its staff to facilitate this transition. Where staff do need to attend the work premises or other premises there are strict guidelines on temperature checking, social distancing and hygiene measures that should be adopted.

The Company continues to monitor closely the government and WHO guidance to ensure compliance with those guidelines in providing a safe environment for all concerned.

The Company has also taken certain financial measures to ensure that it remains in a position where it can continue to meet its forecast liabilities as they fall due.

Steps include: -

- Additional CLBILS funding;
- Enhanced cost reduction measures; and
- Making use of relevant government support including the Coronavirus Job Retention Scheme.

Based on the steps undertaken and with the continued support of the Company's bank, the financial statements have been prepared on a going concern basis.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Directors' statement of compliance with duty to promote the success of the Company**

**Section 172(1) statement**

The Company's principal activity is steel stockholding, operating numerous depots throughout the United Kingdom. The Directors are empowered to ensure the business operates in a viable, sustainable, safe and efficient manner.

The Board's primary responsibility is to promote the long-term success of the Company by delivering business performance that meets stakeholders (including shareholders, employees, customers and suppliers) expectations including on time, on budget and safely and to the highest quality standards so as to maintain the Company's financial viability

This is affected by setting out our strategy with ongoing performance monitoring. The Board holds Board meetings monthly to review the main aspects of our business, including financial reviews and forecasts, resources, internal controls, performance, opportunities and risks.

All Directors are directly responsible for the strategic direction of the business, with day-to-day management carried out by senior management and must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to key issues including the interests of the stakeholders in both the short and long term.

The Directors work to a strategic plan, which covers a 4-year outlook cycle. Performance is measured against the plan on an ongoing basis. Some of the factors that are taken into consideration when drawing up the strategic plan include: market outlook, routes to market, inflation forecasts, operational footprint, historic performance, innovation/technology advancements, customers, employees, environmental, government, regulatory compliance, investors, shareholders, suppliers, societal trends, etc. The strategic plan is reviewed on an ongoing basis, with the plans being updated on an annual basis.

The Directors review performance at the monthly board meetings and discuss new developments, opportunities, risks as well as monitoring the effectiveness of their decision making. The impact on our stakeholders are duly considered in all of our decision making.

**The interest of our employees**

The Directors understand the importance of our employees to the long-term success of the business. All staff are managed by a line manager, their performance is measured by their line manager against pre agreed KPIs and training and development needs are identified in the annual PDRs as well as through ongoing on the job training and external training as necessary.

We aim to recruit & retain motivated and competent people and we believe in promotion from within as reward for performance and dedication, and to demonstrate a clear path for progression. Over the years many employees have been promoted to senior positions in the Company.

Ongoing training and personal development are key strategies in our HR principles and the Company communicates to our employees via internal group-wide emails, presentations, and newsletters. Two way communication is encouraged in areas such as Sales through Regional and Depot Managers meetings and in other areas once or twice a year through Town Hall meetings.

The Company's social media channels are also developing to enhance communication.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**The interests of our customers and suppliers**

The Company has always believed in keeping good business relationships with customers and suppliers and is key to ongoing success. The Directors have developed close relationships with key customers and suppliers to ensure that we fully understand each other's strategies and objectives and are able to support each other in achieving them. More recently closer relationships with key suppliers has resulted in improved efficiencies within the supply chain and better stock availability for our customers. A recent example of working closely with our key suppliers is the Covid-19 situation, where the business was able to ensure continuation of supply from our key suppliers, despite of impacts of the lockdown, reduced credit insurance limits, etc.

**The impact of the Company's operations on the community and environment**

Our overriding objective is to have minimal impact on the local communities and environment on all of our projects.

The Company has a well- developed Environmental and Sustainability Policy with stringent targets, and is committed to protecting the environment. We acknowledge that the pursuit of economic growth and respect for the environment must be closely linked, with sustainable development being an integral part of our business philosophy and processes.

We work on the basis that compliance with environmental legislation, and other requirements, is the very minimum that will apply to our activities and services and we are committed to continual environmental performance improvement, the prevention of pollution and having a positive impact on the environment.

We work closely with our clients and suppliers, encouraging and educating our employees and supply chain to recognise their responsibilities regarding protecting the environment and achieving our environmental objectives and targets and communicating and consulting with all stakeholders as appropriate.

Our policy is periodically reviewed to ensure its continuing suitability, has been communicated to all staff and is made available to interested parties. It is endorsed by the Company's Directors and Management Team who take responsibility for the delivery of its aspirations and key objectives.

The Company's high standards in the way we run our business and deal with all stakeholders, and our commitment to being the best have been key to our ongoing success.

Key to this is the experience and ongoing professionalism and commitment of our employees and we continually strive to make our Company a place where all enjoy their work and have the opportunity to progress.

We have a policy of promoting continual improvement and the setting of quality objectives and improvement programmes within the Company.

These objectives address the risks and opportunities within the Company, as determined by senior management, and we believe that quality is critical to the success of our business, and base our approach on the key quality principles of customer focus, leadership, engagement of people, process approach, improvement and relationship management.

**The Interests of members of the Company**

Strategy and decisions by the Board are carefully considered in both the short and long term, the Directors are fully aware of the need to review all relevant factors to strike a fair balance between key stakeholders of the Company. Our key stakeholders would include: investor community, employees, regulators and government, local communities, customers and suppliers.

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**BARCLAY & MATHIESON LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The overriding objective is to ensure that the Company maintains its reputation for quality and integrity so as to continue as a successful and sustainable business for the long-term benefit of the stakeholders.

This report was approved by the board on 30 September 2020 and signed on its behalf.

**Michael Anthony Welden**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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;
- 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 to 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.

**Results and dividends**

The loss for the year, after taxation, amounted to £538,144 (2018 - profit £78,221).

**Directors**

The directors who served during the year were:

Ronald Robinson  
Michael Anthony Welden  
Alastair Macphie (resigned 30 June 2020)  
Jean-Pierre Lajarige  
Michael Robert Lambert (resigned 24 January 2020)

The following directors were appointed post year end:

William Neave Hay (appointed 11 August 2020)

Kyle Michael Greenwood (appointed 27 August 2020)

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Engagement with employees**

The Company keeps employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the Company. There are procedures in place for employees to make their views known to management so that the flow of information is maintained.

**Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies having regard to their particular aptitudes and abilities. They are given equal treatment during their employment in regard to training, employment and career development.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

**Matters covered in the strategic report**

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 6:

- information on financial risk management and policies; and
- information on regarding future developments of the business.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2020 and signed on its behalf.

**Michael Anthony Welden**  
Director

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

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**Opinion**

We have audited the financial statements of Barclay & Mathieson Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED (CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

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

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Daryush Farshchi-Heidari FCA (Senior Statutory Auditor)

for and on behalf of

**Simmons Gainsford LLP**

Chartered Accountants

Statutory Auditors

7-10 Chandos Street

London

W1G 9DQ

30 September 2020

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**BARCLAY & MATHIESON LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £	2018 £
Turnover	4	112,856,435	108,985,667
Cost of sales		(94,399,798)	(91,544,005)
<b>Gross profit</b>		<u>18,456,637</u>	<u>17,441,662</u>
Distribution costs		(923,804)	(873,378)
Administrative expenses		(17,425,324)	(16,481,413)
Other operating income	5	<u>777,302</u>	<u>1,363,604</u>
<b>Operating profit</b>	6	884,811	1,450,475
Interest receivable and similar income	10	1,768	1,481
Interest payable and similar expenses	11	<u>(1,424,723)</u>	<u>(1,439,785)</u>
<b>(Loss)/profit before tax</b>		(538,144)	12,171
Tax on (loss)/profit	12	-	66,050
<b>(Loss)/profit for the financial year</b>		<u><u>(538,144)</u></u>	<u><u>78,221</u></u>

The notes on pages 18 to 38 form part of these financial statements.

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**BARCLAY & MATHIESON LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
(Loss)/profit for the financial year		(538,144)	78,221
<b>Other comprehensive income</b>			
UK deferred tax attributable to revaluation reserve		-	(148,461)
Actuarial loss relating to pension scheme	26	(133,332)	(400,000)
Unrealised surplus on revaluation of tangible fixed assets		245,615	874,820
<b>Other comprehensive income for the year</b>		112,283	326,359
<b>Total comprehensive income for the year</b>		<u>(425,861)</u>	<u>404,580</u>

The notes on pages 18 to 38 form part of these financial statements.

**BARCLAY & MATHIESON LIMITED**  
**REGISTERED NUMBER: SC030987**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	4,590,282	4,995,307
Tangible assets	14	16,567,606	18,965,598
Investments	15	5,000	5,000
		<u>21,162,888</u>	<u>23,965,905</u>
<b>Current assets</b>			
Stocks	16	15,482,520	18,049,405
Debtors: amounts falling due within one year	17	46,295,795	48,365,409
Cash at bank and in hand	18	128,858	339,598
		<u>61,907,173</u>	<u>66,754,412</u>
Creditors: amounts falling due within one year	19	(42,013,119)	(46,997,363)
<b>Net current assets</b>		<u>19,894,054</u>	<u>19,757,049</u>
<b>Total assets less current liabilities</b>		<u>41,056,942</u>	<u>43,722,954</u>
Creditors: amounts falling due after more than one year	20	(6,651,834)	(8,891,985)
<b>Provisions for liabilities</b>			
Deferred tax	23	(277,560)	(277,560)
		<u>(277,560)</u>	<u>(277,560)</u>
<b>Net assets</b>		<u><u>34,127,548</u></u>	<u><u>34,553,409</u></u>

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**BARCLAY & MATHIESON LIMITED**  
**REGISTERED NUMBER: SC030987**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Capital and reserves</b>			
Called up share capital	24	8,600	8,600
Revaluation reserve	25	6,121,730	5,242,115
Capital redemption reserve	25	21,400	21,400
Other reserves	25	10,193,022	10,193,022
Profit and loss account	25	17,782,796	19,088,272
		<u>34,127,548</u>	<u>34,553,409</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2020.

**Michael Anthony Welden**

Director

The notes on pages 18 to 38 form part of these financial statements.

BARCLAY & MATHIESON LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2019	8,600	21,400	5,242,115	10,193,022	19,088,272	34,553,409
<b>Comprehensive income for the year</b>						
	-	-	-	-	(538,144)	(538,144)
Loss for the year						
	-	-	-	-	(133,332)	(133,332)
Actuarial loss on pension deficit						
	-	-	245,615	-	-	245,615
Movement relating to revaluation reserve						
	-	-	245,615	-	(133,332)	112,283
<b>Other comprehensive income for the year</b>						
	-	-	245,615	-	(671,476)	(425,861)
<b>Total comprehensive income for the year</b>						
	-	-	634,000	-	(634,000)	-
Movement of revaluation on properties sold to P&L reserve						
	-	-	634,000	-	(634,000)	-
<b>Total transactions with owners</b>						
	8,600	21,400	6,121,730	10,193,022	17,782,796	34,127,548
<b>At 31 December 2019</b>						

The notes on pages 18 to 38 form part of these financial statements.

BARCLAY & MATHIESON LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2018	8,600	21,400	5,665,861	10,193,022	18,259,946	34,148,829
<b>Comprehensive income for the year</b>	-	-	-	-	78,221	78,221
Profit for the year	-	-	-	-	78,221	78,221
Actuarial loss on pension deficit	-	-	-	-	(400,000)	(400,000)
Movement relating to revaluation reserve	-	-	874,820	-	(148,461)	726,359
<b>Other comprehensive income for the year</b>	-	-	874,820	-	(548,461)	326,359
<b>Total comprehensive income for the year</b>	-	-	874,820	-	(470,240)	404,580
Movement of revaluation on properties sold to the P&L reserve	-	-	(1,298,566)	-	1,298,566	-
<b>Total transactions with owners</b>	-	-	(1,298,566)	-	1,298,566	-
<b>At 31 December 2018</b>	<u>8,600</u>	<u>21,400</u>	<u>5,242,115</u>	<u>10,193,022</u>	<u>19,088,272</u>	<u>34,553,409</u>

The notes on pages 18 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**1. General information**

The company is a private limited company, incorporated in Scotland and its registered office is 180 Hardgate Road, Glasgow, Scotland, G51 4TB.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements contain information about Barclay & Mathieson Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of Breal Capital Limited, a company registered in England & Wales, and the parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Breal Capital Limited as at 31 December 2019 and these financial statements may be obtained from 7-10 Chandos Street, London, W1G 9DQ.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.3 Going concern**

The global Coronavirus pandemic has caused unprecedented uncertainty across the manufacturing sector with the direct impact and ripple effect of the economic fallout currently unknown.

As a result of the pandemic, the initial lockdown and decision to temporarily suspend operations, the Company has been taking certain measures to ensure that it remains in a position where it can continue to meet its forecast liabilities as they fall due.

Steps include: -

- Additional CLBILS funding;
- Enhanced cost reduction measures; and
- Making use of relevant government support including the Coronavirus Job Retention Scheme.

Based on the steps undertaken and with the continued support of the Company's bank, the financial statements have been prepared on a going concern basis.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

**Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.**

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Buildings and additions	- 40 years or over the lease term
Plant and machinery	- 4 to 10 years or 10-25% reducing balance
Fixtures and fittings	- 4 to 10 years or 15-25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.7 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.11 Financial instruments**

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, finance leases, and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.11 Financial instruments (continued)**

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.13 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.14 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 102 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 statement of other comprehensive income.

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 (if the company believes it will benefit from reduced future contributions) or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of comprehensive income along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 26 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.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**Carrying value of stock**

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

**Revaluation of tangible fixed assets**

The Company engages independent valuation specialists to determine the fair value of its freehold and leasehold property interests on an annual basis. Details of the key assumptions and techniques utilised by the valuer have been detailed in note 14.

**Defined benefit pension scheme**

The Company engages independent actuarial specialists to determine the level of contribution required into the scheme and to assess the level of pension surplus or deficit in relation to the scheme. Details of the key assumptions and techniques utilised by the actuary have been detailed in note 26.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of steel stock	<u>112,856,435</u>	<u>108,985,667</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	112,594,001	108,543,979
Rest of Europe	262,434	441,688
	<u>112,856,435</u>	<u>108,985,667</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Other operating income

	2019 £	2018 £
Rental income	63,774	191,125
Profit on disposal of tangible assets	713,528	1,172,479
	<u>777,302</u>	<u>1,363,604</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(30,951)	(5,908)
Other operating lease rentals	1,814,573	1,537,756
Depreciation	1,975,599	1,866,070
Amortisation	405,025	405,025
Defined contribution pension cost	<u>557,769</u>	<u>425,944</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>45,000</u>	<u>45,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	13,568,681	11,811,212
Social security costs	1,281,533	1,121,088
Cost of defined contribution scheme	557,769	425,944
	<u>15,407,983</u>	<u>13,358,244</u>

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

	2019 No.	2018 No.
	232	374
Sales and administration		
	210	104
Transport and warehouse		
	<u>442</u>	<u>478</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	536,975	739,216
Company contributions to defined contribution pension schemes	34,923	38,603
	<u>571,898</u>	<u>777,819</u>

During the year retirement benefits were accruing to 3 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £233,912 (2018 - £289,128).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,600 (2018 - £12,063)

10. Interest receivable

	2019 £	2018 £
Bank interest receivable	<u>1,768</u>	<u>1,481</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	1,165,269	1,195,608
Other loan interest payable	259,454	244,177
	<u>1,424,723</u>	<u>1,439,785</u>

12. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(4,245)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(61,805)
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>-</u>	<u>(66,050)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(538,144)</u>	<u>12,171</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(102,247)	2,312
<b>Effects of:</b>		
Expenses not deductible for tax purposes	90,463	92,382
Capital allowances for year in excess of depreciation	79,789	(1,403)
Adjustments to tax charge in respect of prior periods	-	(4,245)
Book profit on chargeable assets	(135,570)	(228,853)
Chargeable gains	-	86,590
Unrelieved tax losses carried forward	67,565	124,972
Deferred tax	-	(61,805)
Movement on pension deficit	-	(76,000)
<b>Total tax charge for the year</b>	<u>-</u>	<u>(66,050)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2019	5,400,332
At 31 December 2019	<u>5,400,332</u>
<b>Amortisation</b>	
At 1 January 2019	405,025
Charge for the year on owned assets	405,025
At 31 December 2019	<u>810,050</u>
<b>Net book value</b>	
At 31 December 2019	<u>4,590,282</u>
<b>At 31 December 2018</b>	<u>4,995,307</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	12,932,412	10,111,956	2,086,247	25,130,615
Additions	5,675	768,956	250,043	1,024,674
Disposals	(1,428,985)	(1,319,153)	(340,472)	(3,088,610)
Revaluations	245,615	-	-	245,615
At 31 December 2019	<u>11,754,717</u>	<u>9,561,759</u>	<u>1,995,818</u>	<u>23,312,294</u>
<b>Depreciation</b>				
At 1 January 2019	261,891	4,518,162	1,384,964	6,165,017
Charge for the year on owned assets	319,507	1,338,230	317,862	1,975,599
Disposals	(77,891)	(1,058,335)	(259,702)	(1,395,928)
At 31 December 2019	<u>503,507</u>	<u>4,798,057</u>	<u>1,443,124</u>	<u>6,744,688</u>
<b>Net book value</b>				
At 31 December 2019	<u>11,251,210</u>	<u>4,763,702</u>	<u>552,694</u>	<u>16,567,606</u>
<b>At 31 December 2018</b>	<u>12,670,521</u>	<u>5,593,794</u>	<u>701,283</u>	<u>18,965,598</u>

The most recent professional valuation of freehold land and buildings was in March 2019. The valuation was done on a Market Value basis by Landwood Group.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	<u>2,147,701</u>	<u>2,764,003</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**14. Tangible fixed assets (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Cost	7,990,388	10,040,397
Accumulated depreciation	(2,759,635)	(2,462,706)
<b>Net book value</b>	<u>5,230,753</u>	<u>7,577,691</u>

**15. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2019	2,517,500
At 31 December 2019	<u>2,517,500</u>
<b>Impairment</b>	
At 1 January 2019	2,512,500
At 31 December 2019	<u>2,512,500</u>
<b>Net book value</b>	
At 31 December 2019	<u>5,000</u>
<b>At 31 December 2018</b>	<u>5,000</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Avon Steel Company Limited	Steel stockholders	Ordinary	80%
Alcyon Capital Management Limited	Property holding company	Ordinary	100%

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>15,482,520</u>	<u>18,049,405</u>

In the opinion of the directors, the net realisable value of stock is not materially different from purchase price or production costs.

17. Debtors

	2019 £	2018 £
Trade debtors	20,214,758	22,073,742
Amounts owed by group undertakings	23,336,549	23,569,555
Other debtors	1,078,543	1,056,635
Prepayments and accrued income	1,665,945	1,665,477
	<u>46,295,795</u>	<u>48,365,409</u>

18. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	128,858	339,598
Less: bank overdrafts	(19,146,322)	(21,943,353)
	<u>(19,017,464)</u>	<u>(21,603,755)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	19,146,322	21,943,353
Bank loans	3,522,367	4,734,712
Other loans	39,463	74,250
Trade creditors	12,724,954	12,629,218
Amounts owed to group undertakings	29,622	35,676
Other taxation and social security	1,768,924	1,244,257
Obligations under finance lease and hire purchase contracts	732,370	793,450
Other creditors	153,009	62,169
Accruals and deferred income	3,896,088	5,480,278
	<u>42,013,119</u>	<u>46,997,363</u>

For details of security see note 20.

20. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	4,016,282	5,886,990
Other loans	1,000,000	1,000,000
Net obligations under finance leases and hire purchase contracts	1,635,552	2,004,995
	<u>6,651,834</u>	<u>8,891,985</u>

**Secured loans**

Secure Trust Bank PLC provides a term loan and working capital facility to the Company. The bank loans are secured over the properties held by, and all other assets, of the Company by way of fixed and floating charges.

Net obligations under finance lease and hire purchase contracts are secured over the assets which they relate to.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Term loan	3,561,830	4,808,962
<b>Amounts falling due 1-2 years</b>		
Term loan	859,275	1,414,772
<b>Amounts falling due 2-5 years</b>		
Term loan	2,376,000	2,477,203
<b>Amounts falling due after more than 5 years</b>		
Term loan	781,007	1,995,015
Loan notes	<u>1,000,000</u>	<u>1,000,000</u>

The loan notes of £1,000,000 (2018: £1,000,000) are wholly not repayable by installments, and bear interest at the rate of 10% per annum. The loan is secured over a property.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	866,192	764,846
Between 1-5 years	1,893,191	1,658,845
Over 5 years	-	186,002
	<u>2,759,383</u>	<u>2,609,693</u>

23. Deferred taxation

	2019 £	2018 £
At beginning of year	277,560	190,904
Charged to profit or loss	-	(61,805)
Charged to other comprehensive income	-	148,461
<b>At end of year</b>	<u>277,560</u>	<u>277,560</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**23. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(29,689)	(29,689)
Revaluation reserve	267,475	267,475
Other timing differences	39,774	39,774
	<u>277,560</u>	<u>277,560</u>

**24. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
8,600 (2018 - 8,600) Ordinary shares of £1.00 each	<u>8,600</u>	<u>8,600</u>

**25. Reserves**

**Revaluation reserve**

The reserve represents the revaluation of the company's freehold properties net of associated deferred tax.

**Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the Company.

**Other reserves**

Capital contribution represents amounts arising on acquisition of the company in 2015.

**Profit and loss account**

Represents all current and prior period retained profit and loss and does not contain any non-distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

26. Pension scheme

The Company operates a Defined Benefit 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 August 2016 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.

The Company has agreed to make contributions over a fixed period to the pension scheme as part of the ongoing recovery plan. Contributions to the scheme in 2019 were £133,000 and contributions of £400,000 have been agreed to be made to the scheme in 2020 if a funding shortfall exists.

In deciding upon the foregoing contribution levels of the Company it considered the cost accrual of future benefits on the assumptions underlying the FRS 102 calculations. By setting the contributions at the levels chosen, the Company anticipated that the agreed contributions would be in excess of the costs of the accruing FRS 102 based liability.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	16,167,000	17,151,000
Interest cost	444,000	423,000
Actuarial (gains)/losses	1,631,000	(969,000)
Benefits paid	(654,000)	(438,000)
Allowance for GMP equalisation	176,000	-
<b>At the end of the year</b>	<b>17,764,000</b>	<b>16,167,000</b>

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	19,308,000	19,783,000
Expected return on scheme assets	532,000	494,000
Actuarial gains	2,399,000	(931,000)
Contributions by the company	133,000	400,000
Benefits paid	(654,000)	(438,000)
Administration costs	(66,000)	-
<b>At the end of the year</b>	<b>21,652,000</b>	<b>19,308,000</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

26. Pension scheme (continued)

Composition of plan assets:

	2019 £	2018 £
Equities	11,772,230	11,226,000
Bonds	9,455,988	6,962,000
Other	423,811	1,120,000
<b>Total plan assets</b>	<b>21,652,029</b>	<b>19,308,000</b>

The actuarial return on the plan assets over the period ended 31 December 2019 was £2,931,000.

	2019 £	2018 £
Fair value of plan assets	21,652,000	19,308,000
Present value of plan liabilities	(17,764,000)	(16,167,000)
Surplus not recognised	(3,888,000)	(3,141,000)
<b>Net pension scheme liability</b>	<b>-</b>	<b>-</b>

Recognised in statement of comprehensive income:

	2019 £	2018 £
<b>Analysis of actuarial loss recognised in Other Comprehensive Income</b>		
Actual return less interest income included in net interest income	2,399,000	(931,000)
Experience gains and losses arising on the scheme liabilities	(1,631,000)	(110,000)
Changes in assumptions underlying the present value of the scheme liabilities	-	1,079,000
Return on scheme assets net of interest charge	-	71,000
Surplus not recognised	(901,000)	(509,000)
	<b>(133,000)</b>	<b>(400,000)</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

26. Pension scheme (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.1	2.8
Future pension increases	3	3
Future revaluation of deferred pensions in excess increase	2.12	2.15
Inflation assumption	3.12	3.15
Mortality rates		
- for a male aged 65 now	20.8	21.2
- at 65 for a male aged 45 now	22.1	22.6
- for a female aged 65 now	22.7	23.1
- at 65 for a female member aged 45 now	24.2	24.7

History of experience gains and losses

	2019	2018	2017	2016	2015
	£	£	£	£	£
Fair value of scheme assets	21,652,000	19,308,000	19,783,000	19,340,000	17,378,000
Present value of scheme liabilities	(16,134,631)	(16,167,000)	(17,151,000)	(19,878,000)	(16,787,000)
Surplus not recognised	(5,517,369)	(3,141,000)	(2,632,000)	-	(591,000)
<b>Surplus</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(538,000)</u>	<u>-</u>
Experience gains/(losses) on scheme liabilities	(1,631,000)	(110,000)	1,105,000	259,000	102,000
Difference between the expected and actual return on the scheme	<u>2,339,000</u>	<u>(931,000)</u>	<u>1,818,000</u>	<u>2,182,000</u>	<u>393,000</u>

The surplus in the year has not been recognised as the Company believed it would not benefit from reduced future contributions to the scheme.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**27. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Land and buildings</b>		
Not later than 1 year	1,584,925	1,474,185
Later than 1 year and not later than 5 years	5,224,168	5,695,106
Later than 5 years	17,945,404	19,211,387
	<u>24,754,497</u>	<u>26,380,678</u>
	2019 £	2018 £
<b>Other operating leases</b>		
Not later than 1 year	49,894	174,902
Later than 1 year and not later than 5 years	118,159	205,904
	<u>168,053</u>	<u>380,806</u>

**28. Related party transactions**

During the year, £2,564,445 (2018: £3,455,605) was sold to and £56,284 (2018: £73,488) was purchased from a subsidiary undertaking.

**29. Controlling party**

At 31 December 2019, the immediate parent undertaking is MBM Group Services Limited and the ultimate parent undertaking is Breal Capital Limited, both incorporated in England & Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.