

Barnes Group (Scotland) Limited

Annual report and financial statements

for the year ended 31 May 2016

Company number: SC063330



**Annual Report and financial statements
for the year ended 31 May 2016**

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Directors and advisors

Directors

Douglas McNeilly

Michael Kennedy (appointed 26 May 2016)

Richard Barnhart (resigned 30 June 2016)

Registered Office

Barnes Group (Scotland) Limited

1 Exchange Crescent

Conference Square

Edinburgh

Lothian

EH3 8UL

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

2 Glass Wharf

Bristol

BS2 0FR

Bankers

HSBC Bank plc

Wales and West Corporate Banking Centre

3 Rivergate

Temple Quay

Bristol

BS1 6ER

Directors' report for the year ended 31 May 2016

The directors present their Annual report and the audited financial statements for the company for the year ended 31 May 2016.

Principal activities

The Company ceased trading on 8 August 2005 when it sold its trade and assets to Barnes Group (U.K.) Limited. Since that point interest is accruing on the unpaid consideration for this sale.

Results and dividends

The profit on ordinary activities before taxation, amounted to £122,869 (2015: £122,869). The directors do not recommend the payment of a dividend (2015: £nil). The results for the year are set out in the Statement of Comprehensive Income on page 6.

Review of business and future developments

The future of the business is uncertain, however, a decision to wind up the company has not been made.

Directors and their interests

The Directors of the company who served during the year and up to the date of this report are listed on page 1.

Statement of Directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS102), 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Directors' report for the year ended 31 May 2016 (continued)**Disclosure of information to auditors**

In accordance with Section 418, the directors in office at the date when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

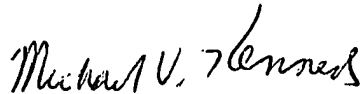
Independent Auditors

PricewaterhouseCoopers LLP, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year.

Small company provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 1 February 2017 and signed on its behalf by:



Michael Kennedy
Director

Independent auditors' report to the members of Barnes Group (Scotland) Limited**Report on the financial statements****Our opinion**

In our opinion, Barnes Group (Scotland) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 May 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent Auditors' report to the members of Barnes Group (Scotland) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

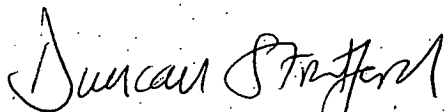
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Duncan Stratford (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

8 February 2017

Statement of Comprehensive Income for the year ended 31 May 2016

	Note	2016	2015
		£	£
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		-	-
Operating result	4	-	-
Interest receivable and similar income	5	122,869	122,869
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		122,869	122,869
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		122,869	122,869
Total comprehensive income for the year		122,869	122,869

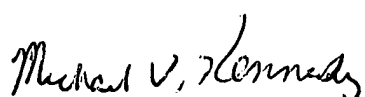
All items dealt with in arriving at the profit on ordinary activities before taxation above relate to discontinued operations.

The notes on pages 9 to 15 form part of these financial statements.

Statement of Financial Position as at 31 May 2016

	Note	2016	2016	2015	2015
		£	£	£	£
Current assets					
Debtors	7	10,747,307		10,624,438	
Creditors: amounts falling due within one year	8	(214,807)		(214,807)	
Net current assets			10,532,500		10,409,631
Total assets less current liabilities			10,532,500		10,409,631
Net assets			10,532,500		10,409,631
Capital and reserves					
Called up share capital	10		2,174		2,174
Share premium account			19,826		19,826
Profit and loss account	11		10,510,500		10,387,631
Total shareholders' funds	12		10,532,500		10,409,631

The financial statements on pages 6 to 15 were approved and authorised for issue by the board and were signed on its behalf on 1 February 2017 by:



Michael Kennedy
Director

The notes on pages 9 to 15 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 May 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total Shareholders' Funds £
As at 1 June 2015	2,174	19,826	10,387,631	10,409,631
Comprehensive income for the year				
Profit for the financial year	-		122,869	122,869
Total comprehensive income for the year	-			122,869
As at 31 May 2016	2,174	19,826	10,510,500	10,532,500

For the year ended 31 May 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total Shareholders' Funds £
As at 1 June 2014	2,174	19,826	10,264,761	10,409,631
Comprehensive income for the year				
Profit for the financial year	-		122,869	122,869
Total comprehensive income for the year	-		122,869	122,869
As at 31 May 2015	2,174	19,826	10,387,631	10,532,500

The notes on pages 9 to 15 form part of these financial statements.

Notes to the financial statements for the year ended 31 May 2016

1. General Information

The company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is 1 Exchange Crescent, Conference Square, Edinburgh, Lothian, EH3 8UL. The future of the business which has previously ceased trade is uncertain, however, a decision to wind up the company has not been made.

2. Accounting policies

a) Basis of preparation

The individual financial statements of Barnes Group (Scotland) Limited have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 15.

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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

b) 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 requirement to prepare a statement of cash flows (Section 7 of FRS 102 and para 3.17(d)); and
- the requirements of Section 33 Related Party Disclosures (FRS102 para 33.7).

This information is included in the consolidated financial statements of Barnes Group Inc. as at 31 December 2015 which can be obtained from the address disclosed in note 14.

c) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements for the year ended 31 May 2016 (continued)**d) Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

e) Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

f) Foreign currency

The company's functional and presentation currency is the pound sterling.

g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

h) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

3. Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Notes to the financial statements for the year ended 31 May 2016 (continued)**4. Operating result**

The immediate parent undertaking, Barnes Group (U.K.) Limited bears the audit fee for the company (2016: £1,000, 2015: £925) without recharge.

There are zero (2015: zero) employees in the company other than the directors. Zero employee costs have been incurred within the company during the year (2015: zero).

During the year the emoluments of the directors were borne by another group company without recharge. The directors of the company are also directors of a number of other group companies and it is not possible to make an accurate apportionment of the emoluments in respect of the company.

Key management is deemed to be the company Directors.

5. Interest receivable and similar income

	2016	2015
	£	£
Interest receivable from group undertakings	122,869	122,869

Notes to the financial statements for the year ended 31 May 2016 (continued)

6. Tax on profit on ordinary activities

	2016 £	2015 £
Analysis of tax charge in year		
Current tax		
UK corporation tax charge on profit of the year	-	-
Adjustments in respect of prior year	-	-
Total current tax	-	-
Deferred tax		
Current year charge for deferred tax	-	-
Total deferred tax charge	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the year is lower (2015: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 May 2016 at 20.00% (2015: 20.83%).

	2016 £	2015 £
Current Tax		
Profit on ordinary activities before taxation	122,869	122,869
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 20.00% (2015: 20.83%).	24,574	25,594
Effects of:		
Group relief not paid	(24,574)	(25,594)
Tax charge for the year	-	-

Factors that may affect future tax charges

The main corporation tax rate was reduced from 21% to 20% from 1 April 2015. The July 2015 Budget Statement announced changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020 and in addition the March 2016 Budget Statement announced further changes to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 May 2016 (continued)

7. Debtors

	2016 £	2015 £
Due within one year		
Amounts owed by group undertakings	10,747,307	10,624,438
	10,747,307	10,624,438

The amounts owed by group undertakings of £10,747,307 (2015: £10,624,438) due from Barnes Group (U.K.) Limited, the immediate parent company. The amounts due are unsecured and achieves interest at 1% (2015: 1%) above the Bank of England base rate and has no fixed repayment date.

8. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	214,807	214,807
	214,807	214,807

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9. Financial instruments

	2016 £	2015 £
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	10,747,307	10,624,438
	2016 £	2015 £
Financial liabilities		
Financial liabilities measured at amortised cost	214,807	214,807

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

Notes to the financial statements for the year ended 31 May 2016 (continued)**10. Called up share capital**

	2016	2015
	£	£
Allotted called up and fully paid		
2,174 ordinary shares of £1 each (2015: 2,174)	2,174	2,174
	2,174	2,174

There is no movement in the opening and closing allotted and fully paid share capital in the two financial years stated.

Rights to capital

In the event of the Company being wound up, the right to have the surplus assets of the Company applied in the first place in repaying to them the amount paid up on the Preference Shares, but the holders of the Preference Shares shall not be entitled to any further participation in such surplus assets.

Voting rights

No rights to vote in general meetings of the Company.

11. Profit and Loss Account

	Profit and loss account £
At 1 June 2015	10,387,631
Profit for the financial year	122,869
At 31 May 2016	10,510,500

12. Reconciliation of movements in shareholders' funds

	2016	2015
	£	£
Profit for the financial year	122,869	122,869
Opening shareholders' funds	10,409,631	10,286,762
Closing shareholders' funds	10,532,500	10,409,631

Notes to the financial statements for the year ended 31 May 2016 (continued)**13. Capital commitments and contingent liabilities**

The company had no capital commitments or contingent liabilities at 31 May 2016 or 31 May 2015.

14. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Barnes Group Inc. incorporated in the USA. The immediate parent undertaking is Barnes Group (U.K.) Limited incorporated in the United Kingdom.

Barnes Group Inc. and Barnes Group (U.K.) Limited are the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2015 respectively.

Copies of the consolidated financial statements of the immediate parent undertaking and ultimate parent undertaking can be obtained from the addresses below:

Barnes Group (U.K.) Limited
Unit 4 Grosvenor Business Centre
Vale Park, Evesham
Worcestershire
WR11 1GS

Barnes Group Inc.
123 Main Street
PO Box 489
Bristol, CT 06011-0489
USA

15. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 May 2015.

The date of transition to FRS 102 from previously extant UK GAAP was 1 June 2014.

The policies applied under the entity's previous accounting framework are not significantly different to FRS 102 and have not impacted equity or profit and loss.