Company Registration No. SC375630

MURRAY CAPITAL GROUP LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2012

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MURRAY CAPITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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MURRAY CAPITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir D E Murray
D D Murray
C J McDermid

REGISTERED OFFICE

11 Charlotte Square
Edinburgh
EH2 4DR

BANKERS

Lloyds Banking Group
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Dundas & Wilson LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

INDEPENDENT AUDITOR

Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

MURRAY CAPITAL GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Murray Capital Group Limited ("MCGL") and its subsidiaries (together "the Group") for the year to 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise investment holding and management, designing and manufacturing copper and fibre-based cabling systems, metal stockholding and processing, provision of information and communication technologies and provision of recruitment services.

RESULTS & DIVIDENDS

The results for the year are set out in the consolidated profit and loss account on page 7. No dividend was paid or proposed during the year (2011 - £nil).

BUSINESS REVIEW

The Group operates as a private investment company and comprises a diverse portfolio of unquoted assets. As such the Group allows its portfolio to trade on an autonomous basis with board representation on each investment and where appropriate an independent non-executive director appointed to each board. Investments are generally financed on a standalone basis.

The MCGL team provides financial and strategic advice to each investment as and when necessary and the overall investment approach is one of long term partnership. The directors of MCGL are satisfied with the performance of the portfolio for the year ended 31 December 2012 and look forward to growing the portfolio further in the coming years. A full review of the key assets held can be found within each company's published financial statements but highlights are as follows:-

Brand-Rex Holdings Limited ('Brand-Rex')

- On 12 April 2012, the Group purchased an additional 18% stake in Brand Rex, taking the shareholding from 75% to 93%.
- On 8 January 2013, Martin Hanchard was appointed the new CEO of Brand Rex with Paul Lines stepping into the role of President. Martin brings with him a wealth of experience in the cabling industry gained on a global basis having latterly managed the North American business of a large global cabling group. The board of MCGL are excited by this appointment and look forward to working with Martin and the rest of his team in the future.
- Economic conditions were challenging in 2012 especially in Southern Europe and the IMEA (India, Middle East and Africa) region.
- Brand-Rex remains optimistic that Northern Europe will continue to generate growth prospects in 2013 and anticipates a substantial recovery in construction project investment in the IMEA (India, Middle East and Africa) region.
- The company remains optimistic for the coming year, projecting single digit revenue growth throughout 2013.

BUSINESS REVIEW (CONTINUED)

Murray Metals Limited ('Metals')

- On 12 May 2012, the Group purchased a 60% stake in Metals, an entity formed to acquire Murray Plate Group Limited, Hillfoot Steel Limited and Multi Metals Limited thus creating a metals stockholding, processing and distribution group.
- In the period leading up to the acquisition the target entities had been severely impacted by a lack of credit with a resultant negative effect on cash, stockholding and trading.
- Following the acquisition and with the securing of a new three year debt facility and the support of key strategic suppliers, credit lines quickly returned to the group and stock levels were able to build towards optimum levels.
- Against this positive backdrop, the trading environment deteriorated through the second half of 2012. The team rationalised certain operating sites and focussed on core activities.
- The directors now consider the group well placed to take advantage of opportunities as they arise.

Capito Holdings Limited ('Capito')

- The principal activity continues to be the provision of Information and Communication Technologies (ICT) services to Public and Private Sector Organisations.
- 2011 saw the beginning of Capito's journey in recovering relationships, re-energising the business and re-establishing its brand. The achievement of this started to evidence through 2012 with a year on year turnaround at net profit level in excess of £1m. This together with its loyal customers and partners, new customers and secured contracts, provides a solid platform for the company moving into 2013 and beyond.

Group

- Turnover has increased by £23.5m from £94.6m to £118.1m. The acquisition of Metals added £38.7m of turnover for the year which together with a fall in turnover of £16.4m at Brand Rex accounts for the majority of the net increase.
- Operating profit has fallen by £0.5m from £2.8m to £2.3m. The main movements were a fall in operating profit at Brand-Rex of £5.5m partially offset by the addition of Metals operating profit of £4.4m.
- Net debt has increased by £9.9.m from £7.3m to £17.2m primarily as a result of our acquisition of Metals. Consequently, the ratio of debt to total assets increased from 17% to 24%.
- Murray Capital Ventures Limited became a wholly owned subsidiary of the Group on 31 January 2013 following a share exchange with David E Murray.

The directors of MCGL continue to look for new opportunities, primarily in the unquoted arena. Economic conditions remain challenging in the UK and the rest of the world and therefore the board will be cautious in their approach to new investments in the coming months. They will adhere to their core criteria of supporting traditional economy businesses with domestic and global market exposure. These will be cash generative assets led by strong management teams.

GOING CONCERN

The parent company and its subsidiaries are funded by a combination of operating cash flows, bank overdrafts, loans and finance facilities. Each facility is negotiated on a standalone basis so that subsidiaries can operate their finances independently, with no cross guarantees to the rest of the Group. In the event that a subsidiary is unable to secure ongoing funding or operate within its existing facilities, the other investments held by the parent company would be unaffected and would continue to trade normally.

Cash flow forecasts have been prepared for the parent company for a period in excess of twelve months from the date of approval of these financial statements. These show that the Group and Company will have adequate cash resources in place to continue in operational existence for the foreseeable future.

Accordingly, the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of financial risks including foreign currency risk, credit risk, liquidity risk and cash flow risk.

Foreign Currency Risk

The Group's activities expose it to the financial risk of changes in foreign currency exchange rates and the Group uses foreign exchange forward contracts to hedge these exposures. The Group does not use forward contracts for speculative purposes.

Credit Risk

The Group's principal financial assets are bank balances and trade debtors. The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are reputable high street banks with appropriate credit ratings.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term finance. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group.

Cash Flow Risk

The Group's policy is to arrange core debt, bank loans and overdrafts with a floating rate of interest plus an agreed margin at commercial rates. When appropriate, the Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings.

DISABLED EMPLOYEES

The Group has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions, with opportunities for training, career development and promotion as appropriate.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings.

DIRECTORS

The directors who served during the year and to the date of this report were:

Sir D E Murray
D D Murray
C J McDermid

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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

AUDITOR

Deloitte LLP, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

D D Murray
Director
23 September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURRAY CAPITAL GROUP LIMITED

We have audited the financial statements of Murray Capital Group Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the group and parent company balance sheets, the consolidated cash flow statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

C. Gibson

Colin Gibson CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
24 September 2013

MURRAY CAPITAL GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
TURNOVER	2		
Existing operations		79,374	94,584
Acquired operations		38,690	-
Continuing operations		118,064	94,584
Cost of sales		(91,264)	(69,582)
GROSS PROFIT		26,800	25,002
Normal administrative expenses		(27,624)	(21,717)
Negative goodwill release		4,283	-
Exceptional administrative expenses	3	(1,209)	(472)
Total administrative expenses		(24,550)	(22,189)
OPERATING PROFIT			
Existing operations		(2,122)	2,813
Acquired operations		4,372	-
Continuing operations		2,250	2,813
Loss on sale of investments		-	(167)
Loss on sale of tangible assets		-	(4)
PROFIT ON ORDINARY ACTIVITIES BEFORE INVESTMENT INCOME AND INTEREST		2,250	2,642
Investment income	4	25	25
Interest payable and similar charges	5	(968)	(681)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,307	1,986
Tax on profit on ordinary activities	8	(167)	(230)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,140	1,756
Minority interests	23	(1,568)	(666)
(LOSS) / PROFIT FOR THE YEAR	21,22	(428)	1,090

The accompanying notes form an integral part of these financial statements.

MURRAY CAPITAL GROUP LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2012

	2012 £'000	2011 £'000
(Loss) / profit for the year	(428)	1,090
Actuarial (loss) / gain relating to defined benefit pension scheme	(168)	82
Exchange difference on defined benefit pension scheme	-	(2)
Minority interests on defined benefit pension scheme	12	(20)
Total recognised gains and losses relating to the year	(584)	1,150

The accompanying notes form an integral part of these financial statements.

MURRAY CAPITAL GROUP LIMITED

BALANCE SHEET
31 December 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
FIXED ASSETS					
Goodwill	9	9,319	6,281	-	-
Negative goodwill	10	(1,325)	-	-	-
Intangible assets		7,994	6,281	-	-
Tangible assets	11	10,418	9,006	-	-
Investments	12	794	250	52	52
		19,206	15,537	52	52
CURRENT ASSETS					
Stocks	14	17,446	6,086	-	-
Debtors					
- due within one year	15	30,918	21,037	-	-
- due after one year	15	1,434	601	-	-
Cash at bank and in hand		2,350	795	-	-
		52,148	28,519	-	-
CREDITORS: amounts falling due within one year	16	(42,761)	(24,733)	(52)	(52)
NET CURRENT ASSETS / (LIABILITIES)		9,387	3,786	(52)	(52)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,593	19,323	-	-
CREDITORS: amounts falling due after more than one year	17	(15,073)	(5,549)	-	-
PROVISIONS FOR LIABILITIES	19	(200)	(54)	-	-
NET ASSETS		13,320	13,720	-	-
CAPITAL AND RESERVES					
Called-up share capital	20	-	-	-	-
Profit and loss account	21	11,700	12,284	-	-
SHAREHOLDERS' FUNDS	22	11,700	12,284	-	-
Minority interests	23	1,620	1,436	-	-
TOTAL CAPITAL EMPLOYED		13,320	13,720	-	-

The accompanying notes form an integral part of these financial statements.

The financial statements of Murray Capital Group Limited, registered number SC375630 were approved by the board of directors and authorised for issue on 23 September 2013.

Signed on behalf of the Board of Directors

D D Murray

Director

C J McDermid

Director

MURRAY CAPITAL GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities		5,207	7,502
Returns on investment and servicing of finance	24 (a)	(897)	(656)
Taxation	24 (b)	(167)	(235)
Capital expenditure and financial investment	24 (c)	(1,243)	(2,196)
Acquisitions and disposals	24 (d)	86	-
Cash outflow before financing		2,986	4,415
Financing	24(e)	(1,143)	-
Increase in cash during the year		1,843	4,415

RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Operating profit	2,250	2,813
Depreciation	1,666	1,332
Amortisation of goodwill	539	414
Negative goodwill release	(4,283)	-
Gain on part disposal of subsidiary	-	(62)
Decrease/(increase) in stocks	47	(681)
Decrease/(increase) in debtors	8,801	(843)
(Decrease)/increase in creditors	(3,977)	4,488
Increase in provisions	146	16
Defined benefit pension charge	17	25
Net cash inflow from operating activities	5,207	7,502

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2012 £'000	2011 £'000
Increase in cash during the year		1,843	4,415
Cash outflow from decrease in debt and lease financing		1,189	-
Change in net debt resulting from cash flows		3,032	4,415
Loans acquired with subsidiary		(12,901)	-
Amortisation of finance costs		(46)	-
Movement in net debt in the year		(9,915)	4,415
Net debt at beginning of year		(7,270)	(11,685)
Net debt at end of year	25	(17,185)	(7,270)

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year.

Basis of accounting

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

The Group financial statements consolidate the financial statements of Murray Capital Group Limited and all its subsidiary undertakings made up to 31 December each year on the basis set out above. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Going concern

The parent company and its subsidiaries are funded by a combination of operating cash flows, bank overdrafts, loans and finance facilities. Each facility is negotiated on a standalone basis so that subsidiaries can operate their finances independently, with no cross guarantees to the rest of the Group. In the event that a subsidiary is unable to secure ongoing funding or operate within its existing facilities, the other investments held by the parent company would be unaffected and would continue to trade normally.

Cash flow forecasts have been prepared for the parent company for a period in excess of twelve months from the date of approval of these financial statements. These show that the Group and Company will have adequate cash resources in place to continue in operational existence for the foreseeable future.

Accordingly, the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Goodwill

On the acquisition of a business, any difference between the fair value of the cost of acquisition and the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is a maximum of 20 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Tangible Fixed Assets

Fixed assets are shown at cost, net of depreciation and any provision for impairment.

Depreciation is provided on fixed assets in order to reduce the net cost of the assets on a straight line basis to estimated net residual value over the expected useful life of the assets.

The expected useful life of each asset class is as follows:

Freehold buildings	- 50 years
Plant and machinery	- 10 years
Fixtures and fittings	- 10 years
Motor vehicles	- 3 years

Freehold land is not depreciated.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. The cost of work in progress and finished goods comprises materials, labour and attributable overheads based on normal levels of activity. Provision is made for any obsolete and slow moving stock.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

The taxation liabilities of certain Group undertakings are reduced wholly or in part by the surrender of losses by other Group undertakings. The tax benefits arising from Group relief are recognised in the financial statements of the surrendering undertakings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

Turnover and revenue recognition

Turnover represents the amounts (excluding VAT) receivable for products and services provided in the normal course of business. Revenue is recognised as services are provided and products are dispatched.

Fixed asset investments

Unlisted fixed asset investments are shown at cost less any provision for impairment. Listed investments are stated at cost at the year end, net of any provision for impairment. Income from fixed asset investments, where applicable, is included within the financial statements in the period in which it is receivable or earned.

Pension costs

Pension contributions are paid to pension schemes by subsidiary undertakings on behalf of certain employees. The charge to the profit and loss account represents the amounts payable during the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme is operated within a subsidiary company incorporated in Germany for a small number of employees. The scheme is now closed to new members and the disclosures set out in FRS 17: Retirement Benefits have been omitted on the basis that they are immaterial to the group financial statements.

Leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a consistent rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Derivative financial instruments

Subsidiaries within the Group use derivative financial instruments to reduce exposure to foreign currency risk movements. Gains or losses are recognised once realised. The fair value of open instruments at 31 December 2012 is disclosed in note 26.

Research and development

All expenditure on research and development is written off in the year in which it is incurred.

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or, if appropriate, at the relevant forward contract rate.

Exchange differences arising on the defined benefit scheme are recognised in the statement of total recognised gains and losses. All other foreign exchange and translation differences are recorded in the profit and loss account.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Group's principal activities after deduction of trade discounts and Value Added Tax.

No analysis of turnover or operating profit is provided as the directors believe this would be prejudicial to the best interests of the Group.

3. EXCEPTIONAL ADMINISTRATIVE EXPENSES

The current and prior year exceptional administrative expenses relate primarily to redundancy costs.

4. INVESTMENT INCOME

	2012 £'000	2011 £'000
Bank & other interest received	20	8
Dividends received	5	17
	25	25

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Bank interest	855	631
Other interest paid	113	50
	968	681

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) :

	2012 £'000	2011 £'000
Depreciation of tangible fixed assets		
Owned	1,625	1,290
Held under finance lease	41	42
Amortisation of goodwill	539	414
Negative goodwill release	(4,283)	-
Research and development	1,279	1,104
Gain on part disposal of subsidiary	-	(62)
Rentals under operating leases		
Land and buildings	466	517
Other	1,093	526
Exchange loss/(gain)	434	(194)

The analysis of auditor's remuneration is as follows:

Fees payable to the Company's auditors for the audit of the Company's annual accounts	15	15
Fees payable to the Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	152	156
Total audit fees	167	171
Total non-audit fees: tax services	97	60
	264	231

7. STAFF COSTS

The average monthly number of employees (including executive directors), was:

	2012 Number	2011 Number
Production & distribution	240	173
Administration	348	244
	588	417

Their aggregate remuneration comprised:	2012 £'000	2011 £'000
Wages and salaries	18,703	16,143
Social security costs	2,004	1,704
Pension costs	957	763
	21,664	18,610

Directors' remuneration during the year amounted to:	2012 £'000	2011 £'000
Emoluments	375	456
Contributions to money purchase pension schemes	70	76
	445	532

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2012

7. STAFF COSTS (CONTINUED)

The directors' remuneration shown above included the following in respect of the highest paid director:

	2012 £'000	2011 £'000
Emoluments	216	315
Contributions to money purchase pension schemes	40	46
	256	361

The number of directors who were members of pension schemes was:	2012 Number	2011 Number
Money purchase schemes	2	2

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the current and prior year and comprises:

	2012 £'000	2011 £'000
Current tax		
UK corporation tax at 24.5 % (2011: 26.49%)	-	-
Adjustments in respect of previous years	-	(19)
Foreign tax	167	225
	167	206
Deferred tax		
Deferred tax charge	-	24
Tax charge on loss on ordinary activities	167	230
Deferred tax asset	2,801	2,000

The Group's deferred tax asset represents the directors' estimate of amounts considered more likely than not to be recoverable against anticipated future taxable profits in the UK. Of this total, £1,434k (2011: £601k) is expected to be recovered in more than one year. The recognition of this deferred tax credit reflects the expected improvement in trading and market conditions.

At 31 December 2012 the Group had a further unrecognised deferred tax asset of £4,128k (2011: £1,898k) due to the availability of taxable trading losses for carry forward, capital allowances in excess of depreciation and other short term timing differences. This has not been recognised given the uncertainty as to the availability of further future taxable profits to utilise these remaining tax losses.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	1,307	1,986
Profit on ordinary activities at standard UK corporation tax rate of	309	526
Effects of:		
Expenses not deductible for tax purposes	451	362
Capital allowances in excess of depreciation	(186)	(451)
Other short term timing differences	36	52
Other permanent differences	(1,848)	-
Foreign tax	167	225
Double taxation relief	(270)	(181)
Utilisation of tax losses	(76)	(620)
Unrelieved tax losses	1,584	293
Current tax charge for the year	167	206

The Finance Act 2012 was enacted in July 2012 and reduced the main rate of corporation tax from 24% to 23% from 1 April 2013. A further reduction to 20% from 1 April 2015 was announced by the Chancellor in the March 2013 Budget. As the reduction to 20% had not been substantively enacted at the balance sheet date it has not been recognised in these financial statements. It is estimated that the reduction in the proposed rate of Corporation Tax from 23% to 20% will result in a reduction in the deferred tax asset recognised as at 31 December 2012 of approximately £365,000.

9. GOODWILL

Group	Goodwill £'000
Cost	
At 1 January 2012	10,324
Addition	3,577
At 31 December 2012	13,901
Accumulated amortisation	
At 1 January 2012	4,043
Charge for the year	539
At 31 December 2012	4,582
Net book value	
At 31 December 2012	9,319
At 31 December 2011	6,281

The £3,577k addition arose following a further investment in Brand Rex Holdings Limited, taking the Group's shareholding from 75% to 93%.

10. NEGATIVE GOODWILL

Group	Negative Goodwill £'000
Cost	
At 1 January 2012	-
Acquisitions (Note 13)	(5,608)
At 31 December 2012	(5,608)
Accumulated amortisation	
At 1 January 2012	-
Charge for the year	4,283
At 31 December 2012	4,283
Net book value	
At 31 December 2012	(1,325)
At 31 December 2011	-

The remaining negative goodwill at 31 December 2012 will be released on a straight line basis over a period of 4 years which is equal to the period over which the related non-monetary assets of the acquired business are being depreciated.

11. TANGIBLE FIXED ASSETS

Group

	Land and buildings £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
COST					
At 1 January 2012	2,532	9,636	1,295	8	13,471
Acquisitions (Note 13)	825	1,433	104	17	2,379
Additions	95	570	74	9	748
Disposals	(17)	(95)	(230)	(4)	(346)
Transfers	37	(133)	96	-	-
At 31 December 2012	3,472	11,411	1,339	30	16,252
DEPRECIATION					
At 1 January 2012	170	3,224	1,065	6	4,465
Charge for year	70	1,383	209	4	1,666
Disposals	(18)	(49)	(230)	-	(297)
At 31 December 2012	222	4,558	1,044	10	5,834
NET BOOK VALUE					
At 31 December 2012	3,250	6,853	295	20	10,418
At 31 December 2011	2,362	6,412	230	2	9,006

Land and buildings includes assets with a net book value of £1,459k (2011: £1,500k) which are held under long leasehold finance leases by the Group, and £807k (2011: £617k) being freehold land which is not depreciated.

12. INVESTMENTS

The following are included in the net book value of fixed asset investments:

	Group	Company
	Listed Investments £'000	Unlisted Investment Total £'000
COST AND NET BOOK VALUE		
At 1 January 2012	250	52
Additions	544	-
At 31 December 2012	794	52

The group purchased listed investments in the year at a cost of £544,000 (2011: £250,000). At 31 December 2012, these have a market value of £847,000 (2011: £255,000).

Subsidiary undertakings:

At 31 December 2012 the Group held investments in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Percentage Holding
Murray Capital Limited	UK	Inv. & mgt. company	100%
Brand Rex Holdings Limited*	UK	Holding company	93%
Brand Rex Limited*	UK	Manufacture & sales	93%
Brand Rex Services Limited*	UK	Sales agent	93%
Brand Rex Services (Spain), S.L*	Spain	Sales agent	93%
Brand Rex Italia S.r.l*	Italy	Sales agent	93%
Brand Rex GmbH, Gummersbach*	Germany	Sales agent	93%
European Cable Company Limited*	UK	Sales agent	93%
Murray Metals Limited*	UK	Holding company	60%
Hillfoot Steel Limited**	UK	Steel stockholding & processing	60%
Multi Metals Limited**	UK	Metal stockholding & processing	60%
Murray Plate Group Limited**	UK	Steel stockholding & processing	60%
Capito Holdings Limited*	UK	Holding company	63.2%
Capito Limited*	UK	Information technology	63.2%
Quality Link Recruitment Limited*	UK	Recruitment	100%

* Held directly by Murray Capital Limited.

** Held directly by Murray Metals Limited.

13. ACQUISITIONS

On 12 May 2012, the Group purchased 60% of Murray Metals Limited and its subsidiaries (Murray Plate Group Limited, Hillfoot Steel Limited and Multi Metals Limited). The fair value of the total consideration was £1,000,000. The acquisition has been accounted for under the acquisition method and the table below sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Revaluation £'000	Fair value £'000
Fixed assets:			
Intangible fixed assets	922	(922)	-
Tangible fixed assets	2,680	(301)	2,379
Current Assets:			
Stocks	13,705	(2,299)	11,406
Debtors	18,716	-	18,716
Deferred tax asset	800	-	800
Cash at bank and in hand	2,752	-	2,752
	39,575	(3,522)	36,053
Liabilities:			
Creditors including accruals and other creditors	(16,274)	(221)	(16,495)
Bank loans	(12,901)	-	(12,901)
Total liabilities	(29,175)	(221)	(29,396)
Net assets/(liabilities)	10,400	(3,743)	6,657
Minority interest			(49)
Negative goodwill			(5,608)
			1,000
Satisfied by:			
Cash			1,000

The net cash flows in respect of the acquisition comprised:

Cash consideration	(1,000)
Cash at bank and in hand acquired	2,752
Bank loans acquired	(12,901)
	(11,149)

13. ACQUISITIONS (CONTINUED)

The summarised profit and loss accounts for the period from 1 July 2011 to 11 May 2012, shown on the basis of the accounting policies of the acquired subsidiaries prior to acquisition, are as follows:

	£'000
TURNOVER	59,619
Cost of sales	(54,092)
GROSS PROFIT	5,527
Other operating expenses	(6,462)
OPERATING LOSS	(935)
Loss on termination of operations – current period	(539)
Loss on termination of operations – over provisions in prior periods	584
Income from shares in group undertakings	1,318
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	428
Tax on profit on ordinary activities	(210)
Profit for the period	218

There are no recognised gains or losses in the period other than the profit for the period.

14. STOCKS

	Group	
	2012	2011
	£'000	£'000
Raw materials and consumables	2,251	1,993
Work-in-progress	610	683
Finished goods and goods for resale	14,585	3,410
	17,446	6,086

There is no material difference between the balance sheet value of stocks and their replacement cost.

15. DEBTORS

	Group 2012 £'000	Group 2011 £'000
Due within one year:		
Trade debtors	27,166	16,900
Prepayments and accrued income	966	802
Amounts due from related parties	41	38
Other debtors	1,378	1,898
Deferred tax asset	1,367	1,399
	30,918	21,037
Due after one year:		
Deferred tax asset	1,434	601
	32,352	21,638

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Bank loans & overdrafts (note 18)	181	469	-	-
Cashflow finance creditor (note 18)	4,341	1,669	-	-
Loan stock (note 18)	-	275	-	-
Obligations under finance lease contracts (note 18)	421	399	-	-
Trade creditors	22,857	14,476	-	-
Taxation and social security	1,827	729	-	-
Amounts due to group parties	-	-	52	-
Amounts due to related parties (note 27)	4,981	2,496	-	52
Other creditors	4,770	906	-	-
Accruals and deferred income	2,533	3,314	-	-
Deferred consideration	850	-	-	-
	42,761	24,733	52	52

17. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group 2012 £'000	Group 2011 £'000
Obligations under finance lease contracts (note 18)	4,693	5,115
Bank loans (note 18)	9,849	-
Term loan (note 18)	-	138
Loan notes (note 18)	50	-
Pension liability	481	296
	15,073	5,549

18. BORROWINGS

Borrowings are repayable as follows:

	Group 2012 £'000	Group 2011 £'000
Total borrowings:		
Bank loans and overdrafts	10,030	469
Cashflow finance creditor	4,341	1,669
Obligations under finance lease contracts	5,114	5,514
Loan stock	-	275
Loan notes	50	-
Term loan	-	138
	19,535	8,065

	Group 2012 £'000	Group 2011 £'000
Finance leases are repayable as follows:		
Within one year	421	399
Between one and two years	442	421
Between two and five years	468	1,419
After five years	3,783	3,275
	5,114	5,514

	Group 2012 £'000	Group 2011 £'000
Total borrowings including finance leases are repayable as follows:		
Within one year	4,960	2,812
Between one and two years	459	559
Between two and five years	10,333	1,419
After five years	3,783	3,275
	19,535	8,065

Bank loans relate to asset based finance and security consists of cross guarantees, fixed charges and floating charges over the assets and undertakings of certain subsidiaries of the Group.

The cashflow finance facilities are secured by a composite fixed and floating charge and debenture over the assets of certain subsidiaries. A significant part of the facility is multi-currency, linked to the currencies of the debtors in those subsidiaries. Interest is paid at between 2.5% to 2.875% above base rate. The Group have guaranteed finance lease repayment obligations up to the value of £452k (2011: £452k).

19. PROVISIONS FOR LIABILITIES

Group	At 1 January 2012 £'000	Profit & loss account charge £'000	Utilised £'000	At 31 December 2012 £'000
Warranty	54	244	(98)	200

The warranty provision represents the expected cost of making good products sold under warranty prior to the balance sheet date, where a reliable estimate can be made of the identified liability. The payment dates are uncertain but management endeavour to resolve the quality matter as quickly as possible. The provision has not been discounted since the effect of discounting is not material.

20. CALLED-UP SHARE CAPITAL

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Allotted, called-up and fully paid:				
101 ordinary shares of £1 each	101	101	101	101

21. RESERVES

	Group Profit & loss account £'000
At 1 January 2012	12,284
Loss for the year	(428)
Other recognised gains and losses	(156)
At 31 December 2012	11,700

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2012

22. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	Group 2012 £'000	2011 £'000
(Loss)/profit for the year	(428)	1,090
Other recognised gains and losses	(156)	60
Net (decrease)/increase in shareholders' funds	(584)	1,150
Opening shareholders' funds	12,284	11,134
Closing shareholders' funds	11,700	12,284

23. MINORITY INTERESTS

	£'000
At 1 January 2012	1,436
Share of profit for the year	1,568
Increase in shareholding of Brand Rex Holdings Limited	(1,421)
Acquisition of Murray Metals Limited	49
Minority interests on defined benefit pension scheme	(12)
At 31 December 2012	1,620

24. ANALYSIS OF CASH FLOWS

	2012 £'000	2011 £'000
(a) Returns on investment and servicing of finance		
Income from fixed asset investments	25	25
Interest paid	(922)	(681)
	(897)	(656)
(b) Taxation		
Foreign tax paid	(167)	(235)
(c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(749)	(1,794)
Purchase of investments	(544)	(955)
Sale of investments	-	639
Guarantee payment on sale of investments	-	(101)
Sale of tangible fixed assets	50	15
	(1,243)	(2,196)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2012

24. ANALYSIS OF CASH FLOWS (CONTINUED)

	2012 £'000	2011 £'000
(d) Acquisitions and disposals		
Payment to acquire subsidiary undertaking (note 13)	(1,000)	-
Cash acquired with subsidiary undertaking (note 13)	2,752	-
Payment to increase stake in subsidiary undertaking	(1,666)	-
	86	-

	2012 £'000	2011 £'000
(e) Financing		
Net increase in cashflow finance creditor	2,672	-
Net increase in new bank loans	9,849	-
Repayment of existing bank loans in acquired subsidiaries	(12,901)	-
Repayment of term loan	(138)	-
Repayment of loan stock	(225)	-
Repayment of finance leases	(400)	-
	(1,143)	-

25. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £'000	Cash flow £'000	Acquisitions £'000	Non-cash movement £'000	31 December 2012 £'000
Cash at bank and in hand	795	(197)	1,752	-	2,350
Bank loans & overdraft	(469)	288	-	-	(181)
	326	91	1,752	-	2,169
Debt due within 1 year	(1,944)	(2,598)	-	201	(4,341)
Debt due after 1 year	(138)	3,387	(12,901)	(247)	(9,899)
Finance leases	(5,514)	400	-	-	(5,114)
Closing net debt	(7,270)	1,280	(11,149)	(46)	(17,185)

The non-cash movements are the result of £201k transferring from debt due after 1 year to debt due within 1 year in accordance with repayment terms and £46k relating to the amortisation of finance costs arising on the inception of bank loans.

26. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Operating leases

At 31 December 2012 the Group were committed to making the following payments during the next year in respect of non-cancellable operating leases:

	Land & buildings		Other	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	170	144	188	98
Between one and two years	-	-	21	-
Between two to five year	769	222	304	292
After five years	27	-	-	-
	966	366	513	390

b) Capital commitments

Capital commitments of the Group at the end of the year for which no provision has been made is as follows:

	2012	2011
	£'000	£'000
Contracted for but not provided	49	206

c) Financial Instruments

The Group has derivatives which are not included at fair value in the financial statements:

	2012 Principal currency '000	2012 Fair value £'000	2011 Principal currency '000	2011 Fair value £'000
Forward foreign exchange contracts	21,000	445	50,000	283

The Group uses the derivatives to hedge its exposures to changes in foreign currency exchange rates arising from foreign currency sales and local currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date.

The Group also has foreign exchange options of euros between €1,000k and €600k per month until December 2014. The fair value of these options at 31 December 2012 is an asset of £445k (2011: 238k).

In addition the Group has a forward rate purchase contract for the commodity Copper, which is a core material for a subsidiary. The agreements in effect at the balance sheet date were for the purchase of 250 metric tonnes per month until July 2013. The fair value of this forward rate purchase contract at 31 December 2012 is a liability of £37k (2011: £748k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2012

27. RELATED PARTY TRANSACTIONS

In accordance with the exemptions provided under Financial Reporting Standard 8, transactions with subsidiaries which are wholly-owned by the Group have not been disclosed. During the year the Group acquired loan notes in Capito Holdings Ltd with a nominal value of £275k from Sir David E Murray at par.

During the year the Group entered into transactions in the ordinary course of business with related parties as follows:

	Profit and loss account 2012 £'000	Amounts owed by / (to) related parties 2012 £'000	Profit and loss account 2011 £'000	Amounts owed by / (to) related parties 2011 £'000
Group:				
Subsidiaries:				
Brand Rex Holdings Limited – loan notes	463	2,734	651	6,863
Murray Metals Limited – loan notes	62	941	-	-
Capito Holdings Limited – loan notes	-	1,656	102	1,181
Capito Holdings Limited – preference shares	-	1,393	-	1,393
Other investments (common director):				
Murray Capital Ventures Limited - loan	-	(4,970)	-	(2,444)
Sir David E Murray	-	-	-	(52)

28. CONTROLLING PARTY

Sir David E Murray controls the Company as a result of holding 100% of the issued share capital.

29. POST BALANCE SHEET EVENTS

Murray Capital Ventures Limited became a wholly owned subsidiary of the Group on 31 January 2013 following a share exchange with David E Murray.