

BARLEY CHALU LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

WEDNESDAY



A6EDGJNL

A33

06/09/2017

#17

COMPANIES HOUSE

BARLEY CHALU LIMITED

COMPANY INFORMATION

Directors	D Carman R Chalu E Chalu J Chalu M Cheshem-Panam
Company secretary	R Chalu
Registered number	00923921
Registered office	Ayton Road Wymondham Norfolk NR18 0QH
Independent auditors	Larking Gowen Chartered Accountants & Statutory Auditors King Street House 15 Upper King Street Norwich NR3 1RB
Bankers	Bank of Scotland PLC 3 Queen Street Norwich Norfolk NR2 4SG

BARLEY CHALU LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Statement of income and retained earnings	6
Statement of financial position	7
Notes to the financial statements	8 - 24

BARLEY CHALU LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report for the year ended 31 December 2016.

Business review

2016 was a challenging year for the business. The national referendum on whether the UK should leave the EU led to uncertainty in the British economy and especially the construction industry as many large projects were placed on hold. This affected our turnover as larger contracts were not filtering through. In addition, a large customer moved their work in-house to their own coating facilities, which further dented turnover. However, due to tight management of resources, our gross profit percentage actually increased slightly and although net profitability was reduced, we were still able to continue with our business development plans with relative ease. We are excited as to what opportunities lie ahead in 2017.

Principal risks and uncertainties

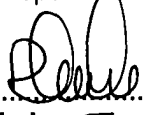
The management of the business and the execution of the Company's objectives are subject to a number of risks and uncertainties.

The key business risk relates to lack of control over customer related issues, such as demand, market fluctuations and requirements. Thereafter the risk of increased competition, from both UK and overseas markets, poses the greatest threat.

Financial key performance indicators

The directors are of the opinion that the key performance indicators for the Company are gross profit, profit after tax and cashflow.

This report was approved by the board on 3 August 2017 and signed on its behalf.


.....
R Chalu
Director

BARLEY CHALU LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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;
- 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.

Principal activity

The Company's principal activity is the provision of powder coating and thermal breaking services.

Results and dividends

The profit for the year, after taxation, amounted to £389,781 (2015 - £847,541).

The total dividends paid during the year were £610,000 (2015 - £780,000)

Directors

The directors who served during the year were:

D Carman
R Chalu
E Chalu
J Chalu
M Cheshem-Panam

BARLEY CHALU LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Future developments

In 2016, Barley Chalu Ltd completed construction and commissioning of a brand new process/product line – anodising and pre-anodising of aluminium extrusions. Over £2m has been invested in this equipment and premises that will provide our customers a pre-anodising service that is unrivalled in the UK. In fact, nobody else provides this service, so the scope for new and existing customer development is wide and exciting.

In 2017, we have committed to a further investment in the latest vertical pre-treatment and powder coating technology in a brand new factory, modernising further still our processes and ensuring all our customers current and future needs will be met in the best possible way through efficiency and product quality.

These two investments, along with our existing products, will keep Barley Chalu Ltd at the forefront of the UK aluminium finishing industry.

Financial instruments

Treasury operations and financial instruments

The Company operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risk associated with the Company's activities. The Company's principal financial instruments include invoice financing. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

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.

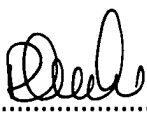
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Larking Gowen, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 AUGUST 2017 and signed on its behalf.



.....
R Chalu
Director

BARLEY CHALU LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARLEY CHALU LIMITED

We have audited the financial statements of Barley Chalu Limited for the year ended 31 December 2016, set out on pages 6 to 24. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement 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). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or 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, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

BARLEY CHALU LIMITED

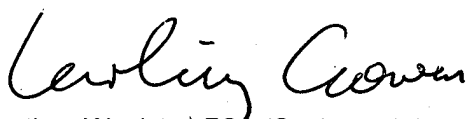
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARLEY CHALU LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our 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 and the Directors' report.

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

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



Jonathon Woolston FCA (Senior statutory auditor)
for and on behalf of

Larking Gowen
Chartered Accountants
Statutory Auditors
Norwich

Date: 10 August 2017.

BARLEY CHALU LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	6,272,863	8,043,128
Cost of sales		(3,128,922)	(4,052,431)
Gross profit		3,143,941	3,990,697
Distribution costs		(514,907)	(769,455)
Administrative expenses		(2,019,989)	(2,058,279)
Operating profit	5	609,045	1,162,963
Interest payable and expenses	8	(120,475)	(99,248)
Profit before tax		488,570	1,063,715
Tax on profit	9	(98,789)	(216,174)
Profit after tax		389,781	847,541
Retained earnings at the beginning of the year		1,766,613	1,699,072
Profit for the year		389,781	847,541
Dividends declared and paid		(610,000)	(780,000)
Retained earnings at the end of the year		1,546,394	1,766,613

The notes on pages 8 to 24 form part of these financial statements.

BARLEY CHALU LIMITED
REGISTERED NUMBER: 00923921

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	2,648,425	2,230,110
		<u>2,648,425</u>	<u>2,230,110</u>
Current assets			
Stocks	12	203,200	177,136
Debtors: amounts falling due within one year	13	2,273,883	3,116,145
Cash at bank and in hand	14	1,815	1,847
		<u>2,478,898</u>	<u>3,295,128</u>
Creditors: amounts falling due within one year	15	(2,583,394)	(3,315,081)
Net current liabilities		<u>(104,496)</u>	<u>(19,953)</u>
Total assets less current liabilities		<u>2,543,929</u>	<u>2,210,157</u>
Creditors: amounts falling due after more than one year	16	(777,162)	(245,376)
Provisions for liabilities			
Deferred tax	19	(210,373)	(188,168)
		<u>(210,373)</u>	<u>(188,168)</u>
Net assets		<u><u>1,556,394</u></u>	<u><u>1,776,613</u></u>
Capital and reserves			
Called up share capital	20	10,000	10,000
Profit and loss account	21	1,546,394	1,766,613
		<u><u>1,556,394</u></u>	<u><u>1,776,613</u></u>

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

3 August 2017



.....
R Chalu
 Director

The notes on pages 8 to 24 form part of these financial statements.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Barley Chalu Limited is a private company, limited by shares, incorporated in England and Wales, registration number 00923921. The registered office is Ayton Road, Wymondham, Norfolk, NR18 0QH. The Company's principal activities and nature of operations are disclosed in the Directors' report.

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 financial statements are presented in Sterling (£).

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

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Future Metal Holdings Limited as at 31 December 2016 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Company meets its day to day working capital requirements through an invoice financing facility which is secured against trade debtors. The Company's continued trading depends on its ability to remain within its borrowing facility.

The directors are of the opinion that the Company has adequate resources to continue its operations for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as listed below.

Depreciation is provided on the following basis:

Long-term leasehold property	- 2% straight line
Plant and machinery	- 15% / 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% reducing balance
Computer equipment	- 20% straight line
Assets under construction	- Assets in the course of construction are not depreciated during the period of construction

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 the Statement of income and retained earnings.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.7 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 reporting 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 the Statement of income and retained earnings.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.11 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 the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.14 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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 reporting 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 Statement of financial position 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 reporting date.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

The directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Stock provisioning

The Company's sales are subject to consumer demands and trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

4. Turnover

The total turnover of the company for the year has been derived from its principal activity.

All turnover arose within Europe.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets - owned	115,430	110,429
Depreciation of tangible fixed assets - held under hire purchase agreements	107,127	2,934
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,140	13,140
Exchange differences	-	97
Other operating lease rentals	49,845	60,890
Defined contribution pension cost	103,045	211,728
	<u> </u>	<u> </u>

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Employees

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

	2016	2015
	£	£
Wages and salaries	1,864,170	2,040,670
Social security costs	187,975	245,591
Cost of defined contribution scheme	103,045	211,728
	<u>2,155,190</u>	<u>2,497,989</u>

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

	2016	2015
	No.	No.
Average employees	<u>72</u>	<u>82</u>

7. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	326,073	330,741
Company contributions to defined contribution pension schemes	79,434	186,962
	<u>405,507</u>	<u>517,703</u>

During the year retirement benefits were accruing to 5 directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £87,559 (2015 - £80,762).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,600 (2015 - £59,825).

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	23,272	-
Other loan interest payable	38,166	20,034
Finance leases and hire purchase contracts	22,381	20,913
Other interest payable	36,656	58,301
	<u>120,475</u>	<u>99,248</u>

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	63,913	103,896
Adjustments in respect of previous periods	12,671	(650)
Total current tax	<u>76,584</u>	<u>103,246</u>
Deferred tax		
Origination and reversal of timing differences	22,205	112,928
Taxation on profit on ordinary activities	<u>98,789</u>	<u>216,174</u>

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	488,570	1,063,715
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	97,714	215,402
Effects of:		
Expenses not deductible for tax purposes	706	65
Capital allowances for year in excess of depreciation	-	3,963
Adjustments to tax charge in respect of prior periods	12,671	(650)
Short term timing difference leading to a decrease in taxation	-	(12,937)
Non-tax deductible amortisation of goodwill impairment	3,915	-
Difference between corporation tax and deferred tax rates	(16,217)	(78)
Group relief	-	10,409
Total tax charge for the year	98,789	216,174

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Dividends

	2016 £	2015 £
Dividends paid on equity capital	610,000	780,000

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2016	978,569	2,321,157	113,150	239,514	1,121,852	4,774,242
Additions	-	629,419	-	12,301	-	641,720
Disposals	-	(11,000)	-	(12,258)	-	(23,258)
Transfers between classes	-	1,121,852	-	-	(1,121,852)	-
At 31 December 2016	978,569	4,061,428	113,150	239,557	-	5,392,704
Depreciation						
At 1 January 2016	408,516	1,901,659	24,368	209,589	-	2,544,132
Charge for the year on owned assets	19,573	81,316	5,322	9,219	-	115,430
Charge for the year on financed assets	-	95,391	11,736	-	-	107,127
Disposals	-	(10,152)	-	(12,258)	-	(22,410)
At 31 December 2016	428,089	2,068,214	41,426	206,550	-	2,744,279
Net book value						
At 31 December 2016	550,480	1,993,214	71,724	33,007	-	2,648,425
At 31 December 2015	570,053	419,498	88,782	29,925	1,121,852	2,230,110

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

	2016 £	2015 £
Plant and machinery	1,430,870	-
Motor vehicles	54,260	67,496
	<u>1,485,130</u>	<u>67,496</u>

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Stocks

	2016	2015
	£	£
Raw materials	203,200	177,136

Stock recognised in cost of sales during the year as an expense was £1,048,272 (2015 - £1,471,153).

An impairment loss of £NIL (2015 - £14,857) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

13. Debtors

	2016	2015
	£	£
Trade debtors	1,105,533	1,716,516
Amounts owed by group undertakings	1,121,404	1,345,347
Other debtors	22,235	25,144
Prepayments and accrued income	24,711	29,138
	2,273,883	3,116,145

14. Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	1,815	1,847
Less: bank overdrafts	(151,943)	(202,043)
	(150,128)	(200,196)

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	151,943	202,043
Bank loans	25,298	-
Other loans	68,380	73,441
Trade creditors	433,312	755,334
Amounts owed to group undertakings	200,888	176,300
Corporation tax	63,913	80,796
Other taxation and social security	219,814	191,503
Obligations under hire purchase contracts	110,745	13,790
Proceeds of factored debts	1,053,302	1,566,812
Other creditors	110,238	109,857
Accruals and deferred income	145,561	145,205
	<u>2,583,394</u>	<u>3,315,081</u>

Secured Loans

The bank borrowings are secured by a mortgage debenture dated 11 May 2007, incorporating specific charges over the leasehold property and a floating charge over all other assets.

The factored debts of £1,053,302 (2015 - £1,566,812) are part-secured by the trade debtors balance (note 13).

Other loans relate to two loans from the Future Metal Pension Fund.

One loan is repayable over a term of 5 years from the draw down date of 3 April 2014. Interest is payable on the loan at the rate of 6% per annum above the Barclays Sterling base rate. The loan is secured by legal charge over leasehold property owned by the Company.

The other loan is repayable over a term of 5 years from the draw down date of 21 October 2015. Interest is payable on the loan at the rate of 6% per annum above the Barclays Sterling base rate. The loan is secured by legal charge over the assets to be purchased with the proceeds of the loan, namely 2 three phase electrical transformers.

Obligations under hire purchase contracts are secured on the asset to which they relate.

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	2016 £	2015 £
Bank loans	254,393	-
Other loans	140,623	201,644
Net obligations under hire purchase contracts	382,146	43,732
	<u>777,162</u>	<u>245,376</u>

Secured loans

The bank borrowings are secured by a mortgage debenture dated 11 May 2007, incorporating specific charges over the leasehold property and a floating charge over all other assets.

Other loans relate to two loans from the Future Metal Pension Fund as well as a loan from the bank.

One loan is repayable over a term of 5 years from the draw down date of 3 April 2014. Interest is payable on the loan at the rate of 6% per annum above the Barclays Sterling base rate. The loan is secured by legal charge over leasehold property owned by the Company.

The other loan is repayable over a term of 5 years from the draw down date of 21 October 2015. Interest is payable on the loan at the rate of 6% per annum above the Barclays Sterling base rate. The loan is secured by legal charge over the assets to be purchased with the proceeds of the loan, namely 2 three phase electrical transformers.

Obligations under hire purchase contracts are secured on the asset to which they relate.

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	25,298	-
Other loans	68,380	73,441
	<u>93,678</u>	<u>73,441</u>
Amounts falling due 1-2 years		
Bank loans	26,526	-
Other loans	74,058	73,441
	<u>100,584</u>	<u>73,441</u>
Amounts falling due 2-5 years		
Bank loans	86,795	-
Other loans	66,565	128,203
	<u>153,360</u>	<u>128,203</u>
Amounts falling due after more than 5 years		
Bank loans	141,072	-
	<u>141,072</u>	<u>-</u>
	<u>488,694</u>	<u>275,085</u>

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	153,371	16,774
Between 1-2 years	153,371	16,774
Between 2-5 years	289,817	30,754
	596,559	64,302
Less: finance charges allocated to future periods	(103,668)	(6,516)
	492,891	57,786

19. Deferred taxation

	2016 £
At beginning of year	188,168
Charged to Statement of income and retained earnings	(22,205)
At end of year	210,373

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	210,373	188,168

The amount of net reversal of deferred tax expected to occur next year is £5,311 (2015 - £17,244), relating to the net reversal of existing timing differences on tangible fixed assets.

BARLEY CHALU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

20. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

21. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses

22. Contingent liabilities

The company together with Future Metal Holdings Limited has given an cross-guarantee to its bankers in respect of monies due to the bank by the parties to the guarantee. The bank guarantee is secured by a debenture. At 31 December 2016 the contingent liability in respect of this agreement amounted to £820,164 (2015: £590,152).

23. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	-	731,174

24. Pension commitments

The Company operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The Company's contributions are charged to the Statement of income and retained earnings in the year in which they are made. The pension charge for the year was £103,045 (2015 - £211,728). There were no contributions outstanding at 31 December 2016 or 31 December 2015.

BARLEY CHALU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

25. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	47,984	38,792
Later than 1 year and not later than 5 years	50,357	70,315
	<u>98,341</u>	<u>109,107</u>

26. Related party transactions

The Company has taken advantage of the exemption in Section 33 of Financing Reporting Standard 102 from the requirement to disclose transactions with wholly owned companies within the Group.

The total key management personnel compensation in 2016 was £405,507 (2015 - £517,703).

During the year the Company made payments to a related pension scheme of £56,000 (2015 - £56,000) in respect of rent.

Included within creditors is a loan due to a related pension scheme of £209,003 (2015 - £275,085). Interest is payable on the loan at a rate of 6% over Barclays base rate.

A loan to a director of the Company, had a balance outstanding at the year end of £5,640 (2015: £5,640). This loan has been provided in line with HMRC's official rate of interest with no fixed repayment schedule.

During the year, payments were made for goods and services on behalf of a former director of the Company and a close family member of current directors, amounting to £7,732 (2015 - £9,878). These were subsequently repaid to the company during the year, except for £NIL which remained outstanding at 31 December 2015 (2014 - £87).

During the year, the Company paid £NIL (2015 - £4,240) to a company in which one of the directors of Barley Chalu is also a director.

27. Controlling party

The ultimate controlling party is the parent company, Future Metal Holdings Limited, a Company registered in England and Wales, by virtue of a 100% holding of the issued share capital of the Company.