

B & W GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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Company number 880499

B & W GROUP LTD

COMPANY INFORMATION

For the year ended 30 September 2014

Company number: 880499

Registered office: Dale Road
Worthing
West Sussex
BN11 2BH

Directors: J V Atkins
G I Edwards
E J Huizing
H H Berland
X Coirbay
D Johnson

Company secretary: M J Williams

Independent auditors: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

B & W GROUP LTD

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For the year ended 30 September 2014

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REPORT OF THE DIRECTORS

The directors present their report together with consolidated audited financial statements for the year ended 30 September 2014.

Principal activities

The group and company are principally engaged in the manufacture and wholesale distribution of high quality monitor loudspeakers, premium quality sound systems and associated equipment and services.

Results and dividends

The group's profit for the financial year after taxation and minority interest amounted to £4,965,000 (2013 £8,572,000). The directors are not recommending any final dividend in addition to the interim dividend of £4,000,000 (2013 £4,600,000) already paid during the year.

Directors

The directors in office during the year and up to the date of signing the financial statements were as follows:

Executive:

J V Atkins
G I Edwards
E J Huizing
H H Berland

Non-executive:

X Coirbay
D Johnson

Directors' indemnities

As provided by the Articles of Association, the directors have had during the last financial year, and continue to have, the benefit of a qualifying third party indemnity (as defined by Section 234 Companies Act 2006) through the maintenance of appropriate Directors and Officers liability insurance.

Statement of directors' responsibilities

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 prepared the group and parent company 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 group and the company 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 judgements 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.

B & W GROUP LTD

REPORT OF THE DIRECTORS

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 the 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

In so far as the directors are aware:

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

Charitable donations

During the financial year the company made charitable donations of £19,511 (2013 £17,255).

Independent auditors

Pursuant to section 487 of the Companies Act 2006 PricewaterhouseCoopers LLP will be deemed to be re-appointed and will continue in office.

BY ORDER OF THE BOARD



M J Williams
Company secretary

Date: 9 January 2015

Strategic report

The group's strategy of building upon its leadership position in the Premium Audio category continued to be the focus of its activities in the year ended 30 September 2014 and will remain so for 2015. In line with this strategic direction and to differentiate the group from the general commoditisation of wireless music products the directors decided not to follow the spiral of price reductions for volume sales growth but instead have sought to rationalise both its product portfolio and retail channels with consequent short term reductions in turnover and profitability. Despite challenging global trading conditions a combination of new and updated products together with expansion of the US dealer network resulted in slight growth and improved profitability for the group's core loudspeaker and related hi-fi equipment business.

The ongoing significant investments in Research and Development continues to support the group's brand proposition with the new Premium products launched in all areas of the business gaining significant critical acclaim and strong current sales. The speed of commoditisation of the wireless music and headphone markets combined with a view that the dip in the group's sales was cyclical has limited the extent to which matching reductions in operating costs could be achieved or indeed were even desirable for long term success. As the full benefit of the new technologies being developed will not be apparent until late 2015/16 and there will be a requirement for significant brand building activities in advance thereof, the lower level in group profitability is expected to continue in the coming fiscal year.

The leveraging of the group's Premium Audio leadership position into the Automotive space has continued with the adoption of the Bowers & Wilkins brand by Volvo for its superior speakers in the executive car market. Furthermore a new long term agreement has been concluded post year end between the group and Harman which is expected to significantly grow the automotive business over the longer term.

Taking account of planned product launches over the next 18 months, the tripling of ecommerce sales in recent months and the positive impacts expected from brand building activities and automotive customer introductions, the directors consider the group is well positioned to compete successfully going forward in an ever more 'connected' Premium Audio segment and in the high quality headphone category. As the new product launches scheduled for the coming fiscal year are all in the last quarter, the 2014/15 forecasts have assumed little benefit therefrom and as a consequence a year of consolidation is anticipated. However, the group has productive capacity, inventory and working capital to enable it to benefit from better than forecast sales growth should it occur. In particular the group has secured its financial resources for future growth through a five year \$50m global banking facility. The impact on the group's results of the turbulence in the foreign exchange markets continues to be monitored and the directors consider that the mixture of long term Euro loans and hedges provide good mitigation whilst providing flexibility and risk cover.

Key Performance Indicators

The directors consider that the key measures of the Group's performance are the long term trends in the following:

	2014	2013
	£m	£m
Group turnover and (gross profit)		
- Loudspeakers and related equipment	95.6 (48.0)	94.2 (45.2)
- Wireless music systems	16.2 (8.0)	29.4 (15.6)
- Headphones	11.8 (6.8)	12.2 (7.2)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12.4	17.1
Net current assets	48.9	49.4
	Ratio	Ratio
Group EBITDA to net bank indebtedness	1.65	1.55
Group net interest to EBITDA	10.9	14.5

Environmental

The group is committed to minimising the negative impact of its activities on the environment. The directors have taken steps to ensure that both the group and its suppliers comply with all relevant environmental legislation and in particular to ROHS II, REACH and WEEE directives.

Business risk management

As a group focussed on the distribution of own and third party manufactured goods it is exposed to distributor and dealer, supply chain, production (including equipment issues), intellectual property, quality and financial risks. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous financial years and up to the date of the approval of these financial statements.

Distributor and dealer risk

Significant fluctuations in the level of consumer demand for audio products and therefore the business undertaken by dealers and distributors can affect their viability and in particular liquidity. The business plans and forecasts of distributors and key retail channels together with their credit balances and payment history are continuously reviewed and appropriate action taken where necessary.

Supply chain risk

Problems with suppliers can result in delivery or quality issues affecting production, customer satisfaction and brand reputation. Suppliers are selected on the basis of technology, capacity, quality, compliance with environmental and employee standards and finally cost. Wherever possible the company seeks to create long term working partnerships with suppliers whereby quality and delivery performance is regularly monitored and commercial viability continually reviewed and appropriate insurance held against business interruption.

Production risk

The group has a limited number of manufacturing facilities which if out of production through disaster or breakdown could affect the ability of the group to service its customers. In addition to appropriate insurance to cover catastrophic risk the group actively seeks to manage the production risk through business continuity plans and preventative maintenance.

Intellectual property risk

The group's premium product positioning and brands are based in part on the use of unique and innovative technologies, designs and processes. Copying of such products and technologies can damage the brand and hence where appropriate new technologies are patented and designs and trademarks are registered with appropriate registries worldwide. The group actively monitors the use of its intellectual property and pursues redress where used inappropriately.

Quality risk

The reputation of the brands distributed by the group rests on the quality of the underlying product. Quality is maintained through a mixture of quality assurance (e.g. staff training) and quality control (e.g. testing at all stages from component through to final product). The group's quality programmes are also implemented and monitored at supplier level.

Financial risk

The group finances its activities mainly through a mixture of bank loans and trade creditors and distributable reserves, and is therefore subject to risk from currency and interest rate movements and liquidity. Whilst currency movements, particularly US\$:£, Euro:£ and Euro:\$, can affect reported turnover and cost of raw materials, at the net profit level the currency gain/loss on sales are substantially matched by currency loss/gain

on purchasing. Where appropriate the group uses currency hedges to mitigate any resulting mismatch in currency flows. Likewise foreign exchange costs / benefits on borrowings are matched by holding gain/loss on the assets thereby financed.

The group's loan finance is partly in the form of revolving loans which are therefore subject to short term interest rates, with the balance in the form of term loans with appropriate interest rate hedges. Where appropriate, the directors consider the use of term loans for investment borrowings so as to reduce exposure to short term rate fluctuations.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Research and development

Product development and innovation are considered key strategies to the group's competitive position within the market place and accordingly the group continues to invest significantly in new products and technologies with 4.5% of turnover (2013 3.3%) being spent on research and development. Reflective of the long term benefits of the investment in development activities is the capitalisation of and subsequent amortisation of development costs. In the forthcoming financial year over 40 new products are scheduled to be launched.

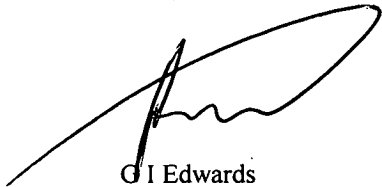
Employees

The group has continued its practice of keeping employees informed through staff briefings and newsletters of matters affecting them as employees and of the financial and economic factors affecting the performance of the group. The ethos of the group encourages involvement and feedback from employees on issues affecting the business.

The group is committed to employment practices based on equal opportunities for all employees irrespective of sex, race, colour, disability or sexual orientation. The group gives full and fair consideration to the employment of disabled persons having regard to their particular aptitudes and abilities irrespective of whether the disability arose before or during employment.

The group's provision of training and development opportunities for its employees was recognised in the UK by the grant of an Investors in People Silver award in 2014.

BY ORDER OF THE BOARD



G I Edwards
Director

Date: 9 January 2015

B & W GROUP LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

B & W GROUP LTD

Report on the financial statements

Our opinion

In our opinion, B & W Group Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2014 and of the group's profit and cash flows 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

B & W Group Ltd's financial statements comprise:

- the Balance Sheets as at 30 September 2014;
- the Consolidated Profit and Loss account and Consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the principal accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (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 Strategic Report and the Report of the Directors 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

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 pages 1 and 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

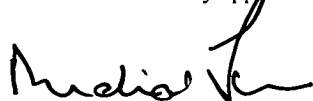
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the group's and 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 and Financial Statements 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.



Michael Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
9 January 2015

PRINCIPAL ACCOUNTING POLICIES

For the year ended 30 September 2014

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

The principal accounting policies of the company are set out below, and remain unchanged from the previous year.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and within the Report of the directors of these financial statements. In addition the Business risk management note within the Strategic report includes the group's business objectives, policies and processes for managing its financial risk management objectives and its exposure to credit risk and liquidity risk. In addition note 15 to the financial statements sets out the group's borrowings which were at all times well within its agreed facilities.

The group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. Based on these forecasts, and after making appropriate additional enquires, the directors are confident that the company and the group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and of its principal subsidiary undertakings, drawn up to 30 September 2014, under uniform accounting policies. All intra-group profits and balances have been eliminated on consolidation. The profit attributable to members of the company is after deducting the proportion attributable to outside shareholders.

TURNOVER

Turnover comprises the fair value for the supply of goods delivered and services performed, net of value-added tax and other similar based sales taxes, rebates and discounts and after eliminating sales within the group. Turnover is recognised within the financial year in which goods have been delivered or services performed.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at historical cost less accumulated depreciation and recognised impairment. Depreciation is calculated to write down the cost of all tangible fixed assets except freehold land over their expected useful economic lives. The rates/periods generally applicable are:

Freehold buildings	25 – 50 years straight line
Short leasehold premises	straight line over the period of the lease
Plant, equipment and vehicles	2 – 10 years straight line

RESEARCH AND DEVELOPMENT

Research expenditure is charged against profits in the financial year in which it is incurred. Development and design costs incurred on specific projects are capitalised where recoverability can be assessed with reasonable certainty and amortised in line with expected sales arising from the projects. Such intangible assets are reviewed regularly for impairment and where appropriate their value is adjusted.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost less amounts written off. Impairments are charged to the profit and loss account. Investments held for resale within twelve months are included in current assets.

PRINCIPAL ACCOUNTING POLICIES

For the year ended 30 September 2014

INTANGIBLE FIXED ASSETS

Purchased intangibles for intellectual property are capitalised on the balance sheet where the economic benefit to the group is greater than one year and then written off over the expected useful economic life, currently six years. Such intangible assets are reviewed regularly for impairment and where appropriate their value is adjusted.

STOCKS

Stocks are stated at the lower of weighted average cost and net realisable value. Provision has been made, where necessary, for slow moving and obsolete stock.

The cost of work in progress and finished goods consists of direct materials, direct labour and attributable production overheads.

DEFERRED TAX

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is considered more likely than not that they will be recovered. Deferred tax which is not discounted is measured using rates of tax that are expected to apply in the period in which the timing differences are expected to reverse based on rates that have been enacted or substantively enacted by the balance sheet date.

GOODWILL

Purchased goodwill and goodwill arising on consolidation is capitalised and amortised on a straight line basis over the estimated useful economic lives of the underlying assets concerned. Purchased goodwill prior to FRS10 'Goodwill and Intangible Assets' remains written off to reserves. This would be charged through the profit and loss account on disposal of the businesses to which it relates. Goodwill arising on consolidation, represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies of the overseas subsidiaries are translated into sterling at the exchange rate ruling at the balance sheet date and their operating results are at the appropriate average exchange rate. Exchange differences arising from the restatement of the opening net investment, including goodwill of the overseas subsidiaries and related foreign currency borrowings, are dealt with through reserves.

Exchange profits or losses arising on trading are dealt with through the profit and loss account.

On consolidation, to the extent that currency gains/losses arise on borrowings funding subsidiary foreign currency assets and are matched by losses/gains arising on the holding of those assets then the matched amount is dealt with through reserves. Unmatched gains/losses are dealt with through the profit and loss account.

LEASED ASSETS

Assets held under finance leases contracts are capitalised in the balance sheet and depreciated over the shorter of their lease term and their expected useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

PRINCIPAL ACCOUNTING POLICIES

For the year ended 30 September 2014

PENSION COSTS

Pension contributions to money purchase schemes are charged to the profit and loss account represent the amount of the contributions payable in respect of the financial year.

WARRANTY

The group accrues the expected costs of warranty claims based on historical experience of claims received for sales made prior to the year end.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual obligations entered into. An equity instrument is any contract that evidences a residual interest in the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

B & W GROUP LTD**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30 September 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Turnover	1		123,597		135,765
Change in stocks of finished goods and work in progress		(5,425)		4,660	
Other operating income		34		125	
Raw materials and consumables		(55,353)		(72,395)	
Staff costs	2	(25,361)		(24,137)	
Depreciation and other amounts written off tangible and intangible fixed assets		(4,813)		(4,854)	
Other operating charges		<u>(25,100)</u>		<u>(26,951)</u>	
			(116,018)		(123,552)
Operating profit	22		7,579		12,213
Net interest payable	3		<u>(1,140)</u>		<u>(1,173)</u>
Profit on ordinary activities before taxation			6,439		11,040
Tax on profit on ordinary activities	4		<u>(1,474)</u>		<u>(2,423)</u>
Profit on ordinary activities after taxation			4,965		8,617
Minority interests	20		-		(45)
Profit for the financial year	19,21		<u>4,965</u>		<u>8,572</u>

All operations are continuing.

There is no material difference between profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalent.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2014 £'000	2013 £'000
Profit for the financial year	4,965	8,572
Exchange translation adjustments	69	237
Total recognised gains and losses during the year	<u>5,034</u>	<u>8,809</u>

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

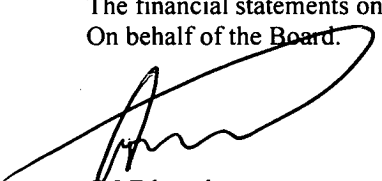
B & W GROUP LTD**BALANCE SHEETS**

At 30 September 2014

Company number: 880499

	Note	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Fixed assets					
Intangible assets	7	8,162	5,358	7,834	5,685
Tangible assets	8	10,361	11,432	8,096	8,742
Investments	9	1	1	20,129	19,090
		<u>18,524</u>	<u>16,791</u>	<u>36,059</u>	<u>33,517</u>
Current assets					
Stocks	10	44,940	51,135	29,416	34,281
Debtors	11	23,086	22,612	15,904	17,896
Investments	9	-	413	-	-
Cash at bank and in hand		5,251	2,144	3,819	-
		<u>73,277</u>	<u>76,304</u>	<u>49,139</u>	<u>52,177</u>
Creditors: amounts falling due within one year	12	<u>(24,336)</u>	<u>(26,924)</u>	<u>(18,828)</u>	<u>(17,151)</u>
Net current assets		<u>48,941</u>	<u>49,380</u>	<u>30,311</u>	<u>35,026</u>
Total assets less current liabilities		67,465	66,171	66,370	68,543
Creditors: amounts falling due after more than one year	13	(28,875)	(27,760)	(17,757)	(20,226)
Provision for liabilities	14	<u>(690)</u>	<u>(1,030)</u>	<u>(186)</u>	<u>(728)</u>
Net assets		<u>37,900</u>	<u>37,381</u>	<u>48,427</u>	<u>47,589</u>
Capital and reserves					
Called up share capital	17	2,000	2,000	2,000	2,000
Share premium account	18	13,373	13,373	13,373	13,373
Profit and loss account	19	22,527	21,493	33,054	32,216
Total shareholders' funds	21	<u>37,900</u>	<u>36,866</u>	<u>48,427</u>	<u>47,589</u>
Minority interests	20	-	515	-	-
Capital employed		<u>37,900</u>	<u>37,381</u>	<u>48,427</u>	<u>47,589</u>

The financial statements on pages 8 to 28 were approved by the Board of directors on 9 January 2015.
On behalf of the Board.



G I Edwards
Director

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

B & W GROUP LTD**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30 September 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow from operating activities	22		16,319		10,370
Returns on investments and servicing of finance					
Interest received		143		204	
Interest paid		(1,363)		(1,329)	
Net cash outflow from returns on investments and servicing of finance			(1,220)		(1,125)
Taxation					
Corporation tax and overseas tax paid			(1,263)		(2,636)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(3,524)		(3,120)	
Purchase of tangible fixed assets		(2,672)		(2,809)	
Purchase of investment		(689)		-	
Sale of investment		413		-	
Sale of tangible fixed assets		17		6	
Net cash outflow from capital expenditure and financial investment			(6,455)		(5,923)
Equity dividends paid	6		(4,000)		(4,600)
Cash inflow/(outflow) before financing			3,381		(3,914)
Financing					
Loan received		28,658		5,443	
Loan repayments		(26,750)		(2,612)	
Capital element of finance leases		(48)		(43)	
Net cash inflow from financing			1,860		2,788
Increase/(decrease) in cash			5,241		(1,126)
Reconciliation of net cash flow to movement in net debt					
Decrease in cash	23		5,241		(1,126)
Cash outflow from increase in financing			(1,860)		(2,057)
Change in net debt resulting from cash flows			3,381		(3,183)
Translation difference	23		349		(848)
Movement in net debt in the year			3,730		(4,031)
Net debt at 1 October	23		(31,472)		(27,441)
Net debt at 30 September	23		(27,742)		(31,472)

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

B & W GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation are attributable to one activity, the manufacture and wholesale distribution of high quality monitor loudspeakers and associated equipment and services.

The turnover was achieved by sales to customers in the following markets:	2014	2013
	£'000	£'000
United Kingdom	11,483	13,026
Rest of Europe	48,926	55,493
North America	39,588	40,725
Asia Pacific	19,989	21,366
Rest of World	3,611	5,155
	123,597	135,765

Turnover achieved by product segment was:	2014	2013
	£'000	£'000
Loudspeakers and related equipment	95,641	94,186
Wireless music systems	16,139	29,382
Headphones	11,817	12,197
	123,597	135,765

Profit on ordinary activities before taxation is stated after charging/(crediting):	2014	2013
	£'000	£'000
Fees payable to the company's auditor for the audit of the company's financial statements	80	80
Fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries	44	48
- other related services	-	13
- tax compliance services	13	21
- tax advisory services	29	33
Hire of plant and equipment	11	17
Operating lease rentals - other	1,485	1,066
Research and development expenditure – expensed	2,020	1,361
Research and development expenditure - amortisation	1,177	793
Depreciation of tangible fixed assets - owned	3,537	4,020
Depreciation of tangible fixed assets - leased	48	41
Exchange (gains)/loss	(453)	803

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

2 STAFF COSTS

The average monthly number of employees (including executive directors) of the group during the financial year and their aggregate emoluments are shown below:

	2014 £'000	2013 £'000
Wages and salaries	22,208	21,299
Social security	2,405	2,245
Other pension costs (note 26)	748	593
	<u>25,361</u>	<u>24,137</u>

	2014 Number	2013 Number
Production	158	143
Selling	100	94
Administration	321	301
Average monthly number of employees	<u>579</u>	<u>538</u>

The remuneration borne by the group in respect of directors was as follows:

	2014 £'000	2013 £'000
Aggregate emoluments	579	603
Contributions to money purchase pension scheme	-	5
Amounts paid to third parties for director's services	100	88
	<u>679</u>	<u>696</u>

The emoluments of the highest paid director were:

	2014 £'000	2013 £'000
Aggregate emoluments	<u>251</u>	<u>251</u>

No retirement benefits were accrued for any director (2013 one) in respect of money purchase schemes.

3 NET INTEREST

	2014 £'000	2013 £'000
Bank loans and overdrafts	1,167	1,228
Other loans	109	141
Finance charges in respect of finance leases	7	8
	<u>1,283</u>	<u>1,377</u>
Less: Bank interest receivable	<u>(143)</u>	<u>(204)</u>
	<u>1,140</u>	<u>1,173</u>

B & W GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the group profit for the financial year and is made up as follows:

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on profits for the year	(182)	1,050
Adjustment in respect of prior years	10	(32)
	<u>(172)</u>	<u>1,018</u>
Foreign tax		
Corporation taxes	926	768
Adjustment in respect of prior years	14	(35)
Total current tax	<u>768</u>	<u>1,751</u>
Deferred tax		
Origination and reversal of timing differences	776	609
Rate changes	(70)	63
Total deferred tax	<u>706</u>	<u>672</u>
Tax on profit on ordinary activities	<u>1,474</u>	<u>2,423</u>

The tax assessed for the year is different (2013 different) from the standard rate of corporation tax in the UK for the year ended 30 September 2014 of 22% (2013 23.5%) as explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>6,439</u>	<u>11,040</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013 23.5%)	1,417	2,594
Effect of:		
Trading losses carried forward	4	13
Expenses not deductible for tax purposes	143	159
Excess of development allowances for the year over the amount expensed	(777)	(798)
Capital allowances in excess depreciation	(34)	(21)
Net utilisation of trading losses	(45)	(31)
Higher rates on overseas earnings	154	20
Other adjustments	(122)	(199)
Movement in provision	4	81
Adjustments to tax charge in respect of prior years	24	(67)
Current taxation charge	<u>768</u>	<u>1,751</u>

5 PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The group profit for the financial year includes a profit of £4,838,000 (2013 £8,748,000), which is dealt with in the financial statements of the parent company.

B & W GROUP LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2014

6 DIVIDENDS

Dividends were paid in respect of the financial year ended 30 September 2014 amounting to £4,000,000 (2013 £4,600,000).

On 27 September 2014 an interim dividend of 200p per share was paid (2013 an interim dividend of 230p per share was paid).

7 INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Intellectual Property £'000	Development Costs £'000	Total £'000
Cost				
At 1 October 2013	-	6,190	8,921	15,111
Additions	508	-	3,524	4,032
Exchange differences	-	-	10	10
At 30 September 2014	508	6,190	12,455	19,153
Accumulated amortisation				
At 1 October 2013	-	6,190	3,563	9,753
Charge for the year	51	-	1,177	1,228
Exchange differences	-	-	10	10
At 30 September 2014	51	6,190	4,750	10,991
Net book amount at 30 September 2014	457	-	7,705	8,162
Net book amount at 30 September 2013	-	-	5,358	5,358

Details of goodwill additions can be seen in note 9.

Company	Intellectual Property £'000	Development Costs £'000	Total £'000
Cost			
At 1 October 2013	7,590	8,427	16,017
Additions	-	3,524	3,524
At 30 September 2014	7,590	11,951	19,541
Accumulated amortisation			
At 1 October 2013	7,123	3,209	10,332
Charge for the year	233	1,142	1,375
At 30 September 2014	7,356	4,351	11,707
Net book amount at 30 September 2014	234	7,600	7,834
Net book amount at 30 September 2013	467	5,218	5,685

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

8 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Short leasehold premises £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1 October 2013	7,532	382	27,881	35,795
Additions	23	-	2,649	2,672
Disposals	-	(16)	(3,452)	(3,468)
Exchange differences	(139)	(12)	(134)	(285)
At 30 September 2014	7,416	354	26,944	34,714
Accumulated depreciation				
At 1 October 2013	2,959	160	21,244	24,363
Charge for the year	246	52	3,287	3,585
Eliminated on disposals	-	(16)	(3,435)	(3,451)
Exchange differences	(59)	(5)	(80)	(144)
At 30 September 2014	3,146	191	21,016	24,353
Net book amount at 30 September 2014	4,270	163	5,928	10,361
Net book amount at 30 September 2013	4,573	222	6,637	11,432

During the year the group and company have reviewed the fully depreciated assets and those no longer in use have been treated as disposed.

B & W GROUP LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2014

TANGIBLE FIXED ASSETS (CONTINUED)

Company	Freehold land and buildings £'000	Short leasehold premises £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1 October 2013	5,119	70	23,426	28,615
Additions	-	-	2,467	2,467
Disposals	-	(3)	(3,396)	(3,399)
Exchange differences	-	-	(13)	(13)
At 30 September 2014	5,119	67	22,484	27,670
Accumulated depreciation				
At 1 October 2013	2,028	30	17,815	19,873
Charge for the year	174	4	2,929	3,107
Disposals	-	(3)	(3,395)	(3,398)
Exchange differences	-	-	(8)	(8)
At 30 September 2014	2,202	31	17,341	19,574
Net book amount at 30 September 2014	2,917	36	5,143	8,096
Net book amount at 30 September 2013	3,091	40	5,611	8,742

The cost of freehold buildings on which depreciation is being provided is £6,075,000 (2013 £6,171,000) for the group and £4,422,000 (2013 £4,422,000) for the company.

The group and company figures stated above include assets held under finance leases contracts, as follows:

	Plant, equipment and vehicles £'000
Net book amount at 30 September 2014	150
Net book amount at 30 September 2013	198
Depreciation provided in the year	48
Depreciation provided in prior year	41

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

9 INVESTMENTS

Group	Other investments		Total £'000
	Short term £'000	Long term £'000	
Cost			
At 1 October 2013	413	1	414
Disposals	(413)	-	(413)
At 30 September 2014	-	1	1
Net book amount at 30 September 2014	-	1	1
Net book amount at 30 September 2013	413	1	414

The short term investment held for resale was sold on 17 April 2014 at cost.

The long term investment represents a minority interest in an overseas distributor.

Company	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 October 2013	25,379	1	25,380
Additions	1,023	-	1,023
Disposals	(1,268)	-	(1,268)
Reclassified	(380)	-	(380)
At 30 September 2014	24,754	1	24,755
Impairment			
At 1 October 2013	6,290	-	6,290
Disposals	(1,268)	-	(1,268)
Reversal of impairment	(396)	-	(396)
At 30 September 2014	4,626	-	4,626
Net book amount at 30 September 2014	20,128	1	20,129
Net book amount at 30 September 2013	19,089	1	19,090

During the financial year the company conducted an impairment review of its subsidiaries and in view of improved performance and profitability of subsidiaries for which provisions had previously been made a reversal has consequently been made reducing the impairment provision by £396,000 (2013 £113,000 increase). Further the improvement means capital loans of £380,000 which were considered part of long term investment are now reclassified as current loans.

On 25 October 2013 the company acquired the remaining fifty percent interest of B&W Loudspeakers Espana S.A. for a consideration of £1,023,000 of which £689,000 was paid in the year with the remaining £334,000 being paid in equal instalments over four years commencing from 1 October 2014 and is held in other creditors with £251,000 falling due after more than one year. The transaction was accounted for on an acquisition accounting basis with no fair value adjustment made to the carrying values of B&W Loudspeakers Espana S.A. as the director's considered the book values of £515,000 equated to the fair values. As a result £508,000 of goodwill was recognised and is being amortised over 10 years.

B & W GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

INVESTMENTS (CONTINUED)

The directors believe the carrying value of the investments is supported by their underlying net assets.

Consideration	1,023
Fixed and current assets	722
Current liabilities	(207)
Net assets	515
Goodwill	508

At 30 September 2014 the company held investments in the ordinary shares of the following companies:

Principal subsidiary undertaking	Country of incorporation	Shareholding
Equity International Inc	USA	100%
Equity International (Canada) Inc	Canada	100%
B & W Group (Asia) Limited	Hong Kong	100%
B & W Group Germany GmbH	Germany	100%
B & W Loudspeakers Espana S.A.	Spain	100%
B & W Group France SARL	France	100%
B & W Loudspeakers Nederland BV	Netherlands	100%
B & W Group (Schweiz) GmbH	Switzerland	100%
B & W Group Belgium NV	Belgium	100%
B & W Group Finland OY	Finland	100%
Classé Audio Inc (Dormant)	Canada	100%
B&W Group Production (HK) Ltd	Hong Kong	100%
B&W Group (Logistics) Ltd	UK	100%
B&W Group (China) Ltd	China	100%
B&W Loudspeakers Ltd (Dormant)	UK	100%

All the companies listed above are engaged in the distribution of loudspeakers bearing the B & W brand name, and other high quality audio equipment bearing the Classé brand name. On 7 March 2014 B & W Group Denmark A/S was dissolved.

10 STOCKS

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Raw materials and consumables	6,147	6,917	6,147	6,917
Work in progress	959	1,196	959	1,196
Finished goods	37,834	43,022	22,310	26,168
	<u>44,940</u>	<u>51,135</u>	<u>29,416</u>	<u>34,281</u>

There were no significant differences between the replacement cost and the values disclosed for stocks.

B & W GROUP LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2014

11 DEBTORS

	Group	Group	Company	Company
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	19,251	17,390	4,652	1,827
Amounts owed by group undertakings	-	-	9,801	13,766
Corporation tax and overseas tax recoverable	733	409	203	-
Deferred tax asset (note 16)	910	1,151	-	-
Other debtors	1,415	2,670	750	1,718
Prepayments and accrued income	777	992	498	585
	23,086	22,612	15,904	17,896

All the above fall due within one year with the exception of £72,000 included in Other debtors (2013 £124,000) due after more than one year which are fixed term secured loans to dealers in connection with business development.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank overdrafts (see note 15)	797	2,968	-	2,176
Bank loans (see note 15)	4,451	3,181	4,323	-
Other loans (see note 15)	17	294	17	-
Trade creditors	11,985	13,303	10,570	11,110
Amounts owed to group undertakings	-	-	1,222	945
Corporation tax and overseas tax	321	492	-	211
Deferred tax liability (note 16)	473	324	473	318
Other taxes and social security	1,617	1,634	315	294
Finance leases (see note 15)	50	50	50	50
Other creditors	1,140	990	84	-
Accruals and deferred income	3,485	3,688	1,774	2,047
	24,336	26,924	18,828	17,151

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans (see note 15)	20,468	22,202	9,350	14,668
Other loans (see note 15)	7,108	4,771	7,108	4,771
Finance leases (see note 15)	102	150	102	150
Deferred tax liability (note 16)	946	637	946	637
Other creditors	251	-	251	-
	28,875	27,760	17,757	20,226

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

14 PROVISION FOR LIABILITIES

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Warranty provision				
At 1 October	1,030	829	728	628
Utilised in the year	(340)	(262)	(542)	(252)
Provided for in year	-	463	-	352
At 30 September	690	1,030	186	728

Provision for warranty work is made according to FRS12 'Provisions, contingent liabilities and contingent assets'. The amount provided is the directors' best estimate of the obligation likely to arise.

15 BORROWINGS

Borrowings outstanding are as follows:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Within one year				
Bank overdrafts	797	2,968	-	2,176
Bank loans	4,451	3,181	4,323	-
Other loans	17	294	17	-
Finance leases	50	50	50	50
Between one and two years				
Bank loans	129	21,846	-	14,668
Other loans	7,108	4,771	7,108	4,771
Finance leases	52	50	52	50
Between two and five years				
Bank loans	20,339	356	9,350	-
Finance leases	50	100	50	100
	32,993	33,616	20,950	21,815

The average rate payable on the bank loans is 5.8% (2013 5.4%) and these are secured by fixed and floating charges over certain assets of the group. The average rate payable on the other loans was 4.0% (2013 4.0%). The bank overdrafts and loans of the group are secured by a fixed and floating charge over its assets.

At 30 September 2014 the Group's net debt was less than 70% (2013 less than 81%) of agreed banking facilities.

Derivatives

At 30 September 2014 the group had interest rate Swap contracts, providing certainty of borrowing costs on Euro loans, with a fair value loss of €7,000 (2013 loss of €46,000).

B & W GROUP LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2014

16 DEFERRED TAX

Deferred tax (liability)/asset is reflected in the financial statements, as follows:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
At 1 October	190	862	(955)	(441)
Charge to profit and loss account	(699)	(672)	(464)	(514)
At 30 September	(509)	190	(1,419)	(955)
These balances comprise:				
Capital allowance timing differences	(1,440)	(998)	(1,440)	(998)
Short term timing differences	931	1,188	21	43
	(509)	190	(1,419)	(955)

Unrelieved tax losses of £767,000 (2013 £947,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised for these losses due to uncertainty over the recovery of the losses in the future. The unprovided deferred tax asset as a result of these losses is £153,000 (2013 £229,000).

17 CALLED UP SHARE CAPITAL

Group and Company	2014 Number	2014 £'000	2013 Number	2013 £'000
Authorised				
Preferred ordinary shares of £1 each	800,000	800	800,000	800
Ordinary share of £1 each	1,750,000	1,750	1,750,000	1,750
	2,550,000	2,550	2,550,000	2,550
Allotted, and fully paid				
Preferred ordinary shares of £1 each	800,000	800	800,000	800
Ordinary share of £1 each	1,200,001	1,200	1,200,001	1,200
	2,000,001	2,000	2,000,001	2,000

18 SHARE PREMIUM ACCOUNT

Group and Company	2014 £'000
At 1 October 2013 and 30 September 2014	13,373

B & W GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

19 PROFIT AND LOSS ACCOUNT

The Group and Company profit and loss account comprises the following elements:

Group	2014	2013
	£'000	£'000
At 1 October	21,493	17,284
Profit for the financial year	4,965	8,572
Dividends paid	(4,000)	(4,600)
Exchange differences	69	237
At 30 September	22,527	21,493

Company	2014	2013
	£'000	£'000
At 1 October	32,216	28,068
Profit for the financial year	4,838	8,748
Dividends paid	(4,000)	(4,600)
At 30 September	33,054	32,216

The goodwill write off reserve at 30 September 1998 of £15,398,000 was transferred to the profit and loss account reserves at 1 October 1998 in accordance with FRS10 'Goodwill and intangible assets'. The total goodwill written off direct to group reserves in respect of subsidiaries held at the year end is £15,398,000 at 30 September 2014 and 30 September 2013.

20 MINORITY INTEREST

Group	2014	2013
	£'000	£'000
At 1 October	515	448
Share of retained profit for year	-	45
Acquired	(515)	-
Exchange movements	-	22
At 30 September	-	515

On 25 October 2013 B&W Group acquired the remaining fifty percent interest of B&W Loudspeakers Espana S.A. details of which can be seen in note 9.

B & W GROUP LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2014

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	4,965	8,572
Dividends paid	(4,000)	(4,600)
Exchange translation adjustments	69	237
Net increase in shareholders' funds	1,034	4,209
Shareholders' funds at 1 October	36,866	32,657
Shareholders' funds at 30 September	37,900	36,866

22 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £'000	2013 £'000
Operating profit	7,579	12,213
Depreciation and amortisation	4,813	4,854
Decrease/(increase) in stocks	6,235	(5,448)
Increase in debtors	(394)	(1,540)
(Decrease)/increase in creditors	(1,574)	90
(Decrease)/increase in provisions	(340)	201
Net cash inflow from operating activities	16,319	10,370

23 ANALYSIS OF NET DEBT

	At 1 October 2013 £'000	Cash outflow £'000	Cash inflow £'000	Exchange movements £'000	At 30 September 2014 £'000
Cash at bank and in hand	2,144	(755)	3,878	(16)	5,251
Overdrafts	(2,968)	(172)	2,290	53	(797)
	(824)	(927)	6,168	37	4,454
Debt falling due within one year	(3,475)	(4,321)	3,319	9	(4,468)
Debt falling due after more than one year	(26,973)	(22,428)	21,522	303	(27,576)
Hire purchase and finance leases	(200)	48	-	-	(152)
	(31,472)	(27,628)	31,009	349	(27,742)

24 CAPITAL COMMITMENTS

Group and Company	2014 £'000	2013 £'000
Authorised and contracted for	92	160

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

25 CONTINGENT LIABILITIES

Company	2014 £'000	2013 £'000
Cross guarantees in respect of subsidiary borrowings	<u>11,558</u>	<u>7,982</u>

26 PENSION SCHEME

Staff may belong to a group personal pension plan or money purchase scheme (defined contribution schemes). The assets of the schemes are administered in funds independent from those of the group. The pension cost charged represents contributions payable to the schemes and amounted to £748,000 for the group (2013 £593,000) and £550,000 for the company (2013 £391,000). At 30 September the group owed £194,000 (2013 £173,000) and the company £78,000 (£55,000) to pension schemes.

27 OPERATING LEASE COMMITMENTS

The group is committed to leasing payments of £1,667,000 (2013 £1,111,000) in the next financial year. The company is committed to leasing payments of £480,000 (2013 £204,000) in the next financial year. The commitments to make the payments included in these sums expire as follows:

	Group				Company			
	2014 Land and buildings £'000	2014 Other £'000	2013 Land and buildings £'000	2013 Other £'000	2014 Land and buildings £'000	2014 Other £'000	2013 Land and buildings £'000	2013 Other £'000
Within one year	581	72	280	42	191	24	65	17
Between two and five years	712	210	437	183	205	45	-	24
After five years	92	-	168	1	15	-	98	-
	<u>1,385</u>	<u>282</u>	<u>885</u>	<u>226</u>	<u>411</u>	<u>69</u>	<u>163</u>	<u>41</u>

28 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption under FRS 8 'Related Party Transactions' not to disclose transactions with its wholly owned subsidiaries.

During the year Mr J V Atkins, a director, had a temporary overdrawn current account with the group of £6,000. At 30 September 2014 this current account had been cleared and Mr J V Atkins was owed £17,000 (2013 £63,000). No interest was charged or is payable on the current account.

On 29 September 2014 B&W International Limited, the ultimate holding company, made an unsecured loan to B&W Group Limited of £7,108,000 (2013 £4,778,000) for 15 months on which interest of 4% per annum is payable.

29 ULTIMATE CONTROLLING PARTY

B & W International Ltd. (BWI), which is incorporated and registered in Bermuda, is the immediate and ultimate holding undertaking.

BWI is controlled by a Bermudan trust, of which Mr J V Atkins, a director of B & W Group Ltd, and his family are the ultimate beneficiaries.