

Company Registration No. 6401040

Brush Barclay Limited

Report and Financial Statements

31 December 2009

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Brush Barclay Limited

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	8
Balance sheet	9
Notes to the accounts	10

Brush Barclay Limited

Report and financial statements 2009

Officers and professional advisers

Directors

S A Peckham

G E Barnes

G P Martin

Secretary

G E Barnes

Registered Office

Precision House

Arden Road

Alcester

Warwickshire

B49 6HN

Auditors

Deloitte LLP

Chartered Accountants

London

Brush Barclay Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Results and dividends

The audited financial statements for the year ended 31 December 2009 are set out on pages 8 to 16. The retained loss for the year amounted to £7,000 (14 month period ended 31 December 2008: loss £1,972,000).

The directors do not recommend the payment of a dividend for the year.

Principal activity and review of the business

The company's principal activity is multiple unit and coach refurbishment in the rail industry.

Turnover for the year ended 31 December 2009 was £8,392,000 (14 month period ended 31 December 2008: £5,226,000) and the operating profit was £129,000 (14 month period ended 31 December 2008: loss of £1,751,000).

Net finance costs for the year of £136,000 (14 month period ended 31 December 2008: £221,000) included £78,000 of interest payable on bank loans (14 month period ended 31 December 2008: £61,000) and £58,000 of interest payable on loans from fellow subsidiaries (14 month period ended 31 December 2008: £160,000).

The company has adopted a process for the identification, assessment, treatment, monitoring and reporting of risk. This process helps support business objectives by linking into business strategy, identifying and reporting to emerging risks and developing cost effective solutions to risk exposures.

The company's products and manufacturing processes require a variety of raw materials. Any increase or volatility in the price of these commodities and energy together with shortages in supply can affect the company's performance. Purchasing policies and practices take into account and seek to mitigate the dependence on any single item and supplier where practicable.

In addition to the above, the company's involvement in global markets creates an exposure to other risk factors that are both external and internal to the company. These risks include but are not limited to failure to comply with legislative and regulatory requirements including environmental and litigation risk, equipment failures, business continuity and the actions of customers and competitors. The company has, as previously described, implemented risk controls and loss mitigation plans but cannot give absolute assurance that such procedures will be effective in identifying or controlling each of the operational risks faced by the company.

Research and development

Product development and innovation is a continuous process. The company has committed resources to the development of new products to enhance the organic growth of the business.

Brush Barclay Limited

Directors' report

Going concern

The Directors have considered the going concern assumption given the current economic climate and the net liabilities of the Company, and have reviewed the Company forecasts and considered the financial commitment from the ultimate parent Company, which has been confirmed in writing, for the foreseeable future

After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has 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

Financial risk management and policies

Credit risk

Through its activities the company is exposed to credit risk. The company's principal financial assets are trade receivables

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cashflows

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available to meet obligations as they fall due, the company ensures regular communication with other group companies

Directors and their interests

The directors who served during the year ended 31 December 2009 and thereafter are as listed on page 1

Directors' liabilities

The ultimate parent undertaking has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report

Supplier payment policy

The company agrees terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier. Trade creditors of the company at 31 December 2009 were equivalent to 26 days purchases (31 December 2008: 49 days), based on the average daily amount invoiced by suppliers during the year

Brush Barclay Limited

Directors' report

Auditors

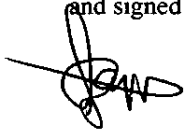
Each of the persons who is a director at the date of approval of this report confirms that

- 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

Deloitte LLP have indicated their willingness to continue in office as auditors and will be deemed to be re-appointed after the end of the next "period for appointing auditors" as defined in s485(2) of the Companies Act 2006

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



G E Barnes
Director



2010

Brush Barclay Limited

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Brush Barclay Limited

We have audited the financial statements of Brush Barclay Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Brush Barclay Limited(continued)

Opinion

In our opinion

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

20 September 2010

Brush Barclay Limited

Profit and loss account Year ended 31 December 2009

		Year ended 31 December 2009 £'000	14 month period ended 31 December 2008 £'000
	Notes		
Turnover		8,392	5,226
Cost of sales		(7,542)	(5,903)
Gross profit/(loss)		850	(677)
Administrative expense		(691)	(1,039)
Goodwill amortisation		(30)	(35)
Operating profit/(loss)	2	129	(1,751)
Profit/(loss) on ordinary activities before finance charges and taxation		129	(1,751)
Net finance cost	4	(136)	(221)
Loss on ordinary activities before taxation		(7)	(1,972)
Tax on loss on ordinary activities	5	-	-
Retained loss for the financial year	12	(7)	(1,972)

All results derive from continuing operations

There are no recognised gains or losses in the current year other than the result for the year and consequently no statement of total recognised gains and losses has been presented

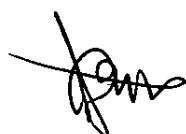
Brush Barclay Limited

Balance sheet 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Fixed assets			
Tangible assets	6	1,954	1,908
Goodwill	7	537	567
		<u>2,491</u>	<u>2,475</u>
Current assets			
Stocks	8	1,406	988
Debtors	9	610	747
		<u>2,016</u>	<u>1,735</u>
Creditors: amounts falling within one year	10	<u>(6,486)</u>	<u>(6,182)</u>
Net current liabilities		<u>(4,470)</u>	<u>(4,447)</u>
Total assets less current liabilities		<u>(1,979)</u>	<u>(1,972)</u>
Net liabilities		<u>(1,979)</u>	<u>(1,972)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>(1,979)</u>	<u>(1,972)</u>
Shareholder's deficit		<u>(1,979)</u>	<u>(1,972)</u>

The financial statements of Brush Barclay Limited, registered number 6401040, were approved by the Board of Directors on 17 Dec 2010

Signed on behalf of the Board of Directors



G E Barnes

Director

Brush Barclay Limited

Notes to the accounts

Year ended 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention as modified for the revaluation of freehold land and buildings and are in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on a going concern basis as described in the directors' report on page 3.

The company has taken advantage of the exemption from adopting FRS 29 (IFRS 7) Financial Instruments - Disclosures as the company is a wholly owned subsidiary of Melrose PLC and the consolidated financial statements of Melrose PLC, which are publicly available, have adopted IFRS 7 - Financial Instruments - Disclosures.

Statement of cash flows

Under the provisions of FRS 1 "Cash Flow Statements" (Revised 1996), the company has not prepared a statement of cash flows because its ultimate parent undertaking, Melrose PLC, has prepared consolidated financial statements which include the results of the company and which contain a statement of cash flows.

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalized and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over their expected useful lives, as follows:

Freehold buildings	50 years
Plant and machinery	3 to 15 years

Stocks and work in progress

Stocks are stated at the lower of cost, on a first-in first-out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads, based on normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Research and development

Development expenditure on clearly defined projects whose outcome can be assessed with reasonable certainty is capitalised, and amortisation is commenced in the year the expenditure is incurred by reference to the lesser of the life of the project or three years. All other research and development expenditure is written off in the year in which it is incurred.

Brush Barclay Limited

Notes to the accounts

Year ended 31 December 2009

1. Accounting policies (continued)

Leasing and hire purchase commitments

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term

Taxation

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

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Turnover is recognized when the risks and rewards of ownership transfer to the buyer

Brush Barclay Limited

Notes to the accounts

Year ended 31 December 2009

2. Operating profit/(loss)

This is stated after charging

	Year ended 31 December 2009 £'000	14 month period ended 31 December 2008 £'000
Amortisation of goodwill	30	35
Depreciation - on owned assets	70	69
Auditors' remuneration for the audit of the annual accounts	15	15
	<u> </u>	<u> </u>

There were no non-audit fees paid in the current year or previous period

3. Staff costs

The directors received no remuneration in respect of services provided to this company

	Year ended 31 December 2009 £'000	14 month period ended 31 December 2008 £'000
Wages and salaries	2,377	2,683
Social security and other allied costs	250	275
Pension and other post retirement benefits	111	156
	<u> </u>	<u> </u>
	<u>2,738</u>	<u>3,114</u>

The average monthly number of employees, including directors, employed by the company during the year was as follows

	Year ended 31 December 2009 No.	14 month period ended 31 December 2008 No.
Production	88	97
Sales and distribution	5	4
Administration and management	4	5
	<u> </u>	<u> </u>
	<u>97</u>	<u>106</u>

Brush Barclay Limited

Notes to the accounts Year ended 31 December 2009

4. Net finance costs

	Year ended 31 December 2009 £'000	14 month period ended 31 December 2008 £'000
Interest payable and similar charges		
Bank loans and overdrafts	78	61
Interest payable to parent undertaking and fellow subsidiary undertakings	58	160
	<u>136</u>	<u>221</u>

5. Tax charge on loss on ordinary activities

(a) Analysis of tax charge in the year

	Year ended 31 December 2009 £'000	14 month period ended 31 December 2008 £'000
Current tax		
Corporation tax at current rate	-	-
Total current tax charge	-	-
Deferred tax	-	-
Total tax charge	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK as explained below

Loss on ordinary activities before tax	<u>(7)</u>	<u>(1,972)</u>
Loss on ordinary activities multiplied by the average standard rate of corporation tax in the UK during the year of 28% (2008 28.67%)	(2)	(565)
Effects of		
Non-deductible expenses	11	2
Accelerated capital allowances	(1)	(8)
Other short term timing differences	(18)	29
Group relief surrendered	<u>10</u>	<u>542</u>
Total current tax (credit)/charge	<u>-</u>	<u>-</u>

Brush Barclay Limited

Notes to the accounts Year ended 31 December 2009

6. Tangible fixed assets

	Plant and machinery £'000	Land and buildings £'000	Total £'000
Cost or valuation			
At 31 December 2008	477	1,500	1,977
Additions	44	72	116
Reclassification	(22)	22	-
At 31 December 2009	499	1,594	2,093
Depreciation			
At 31 December 2008	46	23	69
Charge for the year	49	21	70
Reclassification	(15)	15	-
At 31 December 2009	80	59	139
Net book value			
At 31 December 2009	419	1,535	1,954
At 31 December 2008	431	1,477	1,908

7 Goodwill

	£'000
Cost at 31 December 2008 and 31 December 2009	602
Amortisation at 31 December 2008	35
Charge for the year	30
Amortisation at 31 December 2009	65
Net book value	
At 31 December 2009	537
At 31 December 2008	567

Brush Barclay Limited

Notes to the accounts Year ended 31 December 2009

8. Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	790	569
Work in progress	616	419
	<u>1,406</u>	<u>988</u>

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

9 Debtors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade debtors	493	641
Amounts owed by fellow group undertakings	17	27
Prepayments and accrued income	100	79
	<u>610</u>	<u>747</u>

10. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	2,288	2,245
Payments received on account	-	48
Trade creditors	544	674
Amounts owed to fellow group undertakings	2,456	2,398
Other taxation and social security costs	269	104
Accruals and deferred income	306	263
Other payables	623	450
	<u>6,486</u>	<u>6,182</u>

11. Called up share capital

	2009 £'000	2008 £'000
Allotted, called up and fully paid 1 ordinary shares of £1 each	<u>-</u>	<u>-</u>

Brush Barclay Limited

Notes to the accounts

Year ended 31 December 2009

12. Reserves

	Profit and loss account £'000
At 31 December 2008	1,972
Retained loss for the year	7
	<hr/>
At 31 December 2009	<u>1,979</u>

13. Financial commitments

As at 31 December 2009, the group had no annual commitments under non-cancellable operating leases (2008 £nil)

14. Related party transactions

The company is a wholly owned subsidiary of Melrose PLC, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Melrose Group.

15. Ultimate parent company

The directors regard Melrose PLC, a company incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent undertaking and controlling party for the year ended 31 December 2009. The smallest and largest group into which the results of the company are consolidated is that headed by Melrose PLC. Copies of the financial statements are available from the Company Secretary, Melrose PLC, Precision House, Arden Road, Alcester, Warks, B49 6HN.