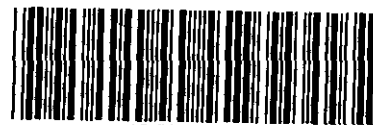


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**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006  
FOR  
BARR + WRAY GROUP LIMITED**

WEDNESDAY



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FOR THE YEAR ENDED 30 SEPTEMBER 2006**

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**BARR + WRAY GROUP LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**DIRECTORS**

N MacDonald  
A A MacDonald  
G C Carey  
D Gunn  
I Montgomere

**SECRETARY**

I Montgomere

**REGISTERED OFFICE:**

324 Drumoyne Road  
Glasgow  
G51 4DY

**REGISTERED NUMBER.**

SC276252

**AUDITORS**

LWC Audit Limited  
Registered Auditors  
150 West George Street  
Glasgow  
G2 2HG

**BANKERS:**

Clydesdale Bank plc  
Clydesdale Bank Exchange  
20 Waterloo Street  
Glasgow  
G2 6DB

## **BARR + WRAY GROUP LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2006**

The directors present their report with the financial statements of the company for the year ended 30 September 2006

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding company

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

The results of the trading subsidiary company, Barr + Wray Limited, for the year to 30 September 2006 were in line with forecast Sales increased by 25% from the levels in 2005 as a result of substantial growth within the company's Sport + Leisure division

The closing order book at the end of September 2006 provides the opportunity for continued growth in 2007

#### **DIVIDENDS**

No dividends will be distributed for the year ended 30 September 2006

#### **DIRECTORS**

The directors during the year under review were

N MacDonald  
A A MacDonald  
G C Carey  
D Gunn  
I Montgomene

The beneficial interests of the directors holding office on 30 September 2006 in the issued share capital of the company were as follows

	30 9 06	1 10 05
<b>Ordinary £1 shares</b>		
N MacDonald	40,000	40,000
A A MacDonald	50,000	50,000
G C Carey	20,000	20,000
D Gunn	20,000	20,000
I Montgomene	10,000	10,000

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

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**BARR + WRAY GROUP LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, LWC Audit Limited will be proposed for re appointment in accordance with Section 385 of the Companies Act 1985

**ON BEHALF OF THE BOARD:**

I  Secretary

Date 19 January 2007



**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
BARR + WRAY GROUP LIMITED**

LWC Audit Limited  
150 West George Street Glasgow G2 2HG  
Tel 0141 352 2320 Fax 0141 352 2321  
E mail info@lwc.co.uk

We have audited the financial statements of Barr + Wray Group Limited for the year ended 30 September 2006 on pages five to thirteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

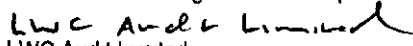
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended,  
the financial statements have been properly prepared in accordance with the Companies Act 1985, and  
the information given in the Report of the Directors is consistent with the financial statements.

  
LWC Audit Limited  
Registered Auditors  
150 West George Street  
Glasgow  
G2 2HG

Date 19 January 2007

Directors  
John McLeod Aidan McLaughlin

**BARR + WRAY GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

		Year Ended 30 9 06 £	Period 18 11 04 to 30 9 05 £
	Notes		
<b>TURNOVER</b>			
Administrative expenses		<u>22,321</u>	<u>32,071</u>
		(22,321)	(32,071)
Other operating income		<u>81,576</u>	<u>32,000</u>
<b>OPERATING PROFIT/(LOSS)</b>	2	59,255	(71)
Interest receivable and similar income		<u>          </u>	<u>46</u>
		59,255	(25)
Interest payable and similar charges	3	<u>30,416</u>	<u>28,814</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		28,839	(28,839)
Tax on profit/(loss) on ordinary activities	4	<u>          </u>	<u>          </u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>28,839</u>	<u>(28,839)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year. The prior year was the first year of trade.

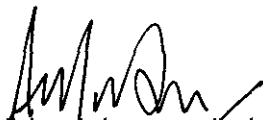
**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous period.

**BARR + WRAY GROUP LIMITED****BALANCE SHEET  
30 SEPTEMBER 2006**

	Notes	30 9 06 £	£	30 9 05 £	£
<b>FIXED ASSETS</b>					
Investments	5		771,799		771,799
<b>CURRENT ASSETS</b>					
Cash at bank		1		1	
<b>CREDITORS</b>					
Amounts falling due within one year	6	<u>102,346</u>		<u>102,774</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(102,345)</u>		<u>(102,773)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			669,454		669,026
<b>CREDITORS</b>					
Amounts falling due after more than one year	7		<u>469,454</u>		<u>497,865</u>
<b>NET ASSETS</b>			<u>200,000</u>		<u>171,161</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		200,000		200,000
Profit and loss account	10				<u>(28,839)</u>
<b>SHAREHOLDERS' FUNDS</b>	12		<u>200,000</u>		<u>171,161</u>

The financial statements were approved by the Board of Directors on 19 January 2007 and were signed on its behalf by



A A MacDonald – Director



**BARR + WRAY GROUP LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

		Year Ended 30 9 06		Period 18 11 04 to 30 9 05	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	1		130,416		75,568
<b>Returns on investments and servicing of finance</b>	2		(30,416)		(28,768)
<b>Capital expenditure and financial investment</b>	2				(771,799)
			100,000		(724,999)
<b>Financing</b>	2		(100,000)		725,000
<b>Increase in cash in the period</b>					1
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase in cash in the period				1	
Cash outflow/(inflow) from decrease/(increase) in debt		100,000		(525,000)	
Change in net debt resulting from cash flows			100,000		(524,999)
<b>Movement in net debt in the period</b>			100,000		(524,999)
<b>Net debt at 1 October</b>			(524,999)		
<b>Net debt at 30 September</b>			(424,999)		(524,999)

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Year Ended 30 9 06 £	Period 18 11 04 to 30 9 05 £
Operating profit/(loss)	59,255	(71)
Increase in creditors	<u>71,161</u>	<u>75,639</u>
<b>Net cash inflow from operating activities</b>	<b><u>130,416</u></b>	<b><u>75,568</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	Year Ended 30 9 06 £	Period 18 11 04 to 30 9 05 £
<b>Returns on investments and servicing of finance</b>		
Interest received		46
Interest paid	<u>(30,416)</u>	<u>(28,814)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(30,416)</u></b>	<b><u>(28,768)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of fixed asset investments	<u>          </u>	<u>(771,799)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>          </u></b>	<b><u>(771,799)</u></b>
<b>Financing</b>		
New loans in year		600,000
Loan repayments in year	<u>(100,000)</u>	<u>(75,000)</u>
Share issue	<u>          </u>	<u>200,000</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(100,000)</u></b>	<b><u>725,000</u></b>

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2006

## 3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 10 05 £	Cash flow £	At 30 9 06 £
Net cash			
Cash at bank	<u>1</u>	<u>—</u>	<u>1</u>
	<u>1</u>	<u>—</u>	<u>1</u>
Debt			
Debts falling due within one year	(100,000)		(100,000)
Debts falling due after one year	<u>(425,000)</u>	<u>100,000</u>	<u>(325,000)</u>
	<u>(525,000)</u>	<u>100,000</u>	<u>(425,000)</u>
Total	<u>(524,999)</u>	<u>100,000</u>	<u>(424,999)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Exemption from preparing consolidated financial statements**

The financial statements contain information about Barr + Wray Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**Fixed Asset Investments**

Fixed asset investments are valued at historic cost less provision for impairment

2 OPERATING PROFIT/(LOSS)

The operating profit (2005 – operating loss) is stated after charging

	Year Ended 30 9 06 £	Period 18 11 04 to 30 9 05 £
Directors' emoluments	<u>22,118</u>	<u>31,991</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 9 06 £	Period 18 11 04 to 30 9 05 £
Bank loan interest	<u>30,416</u>	<u>28,814</u>

4 TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2006 nor for the period ended 30 September 2005

NOTES TO THE FINANCIAL STATEMENTS – continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2006

## 5 FIXED ASSET INVESTMENTS

Shares in  
group  
undertakings  
£

## COST

At 1 October 2005  
and 30 September 2006771,799

## NET BOOK VALUE

At 30 September 2006

771,799

At 30 September 2005

771,799

The company's investments at the balance sheet date in the share capital of companies include the following

**Barr + Wray Holdings Limited**

Nature of business Holding company

Class of shares	% holding		
Ordinary	100 00	30 9 06 £	30 9 05 £
Aggregate capital and reserves		656,583	656,583
Profit for the year		<u>3,332</u>	<u>3,332</u>

**Barr + Wray Limited**

Nature of business Water engineering

Class of shares	% holding		
Ordinary	100 00	30 9 06 £	30 9 05 £
Aggregate capital and reserves		1,294,632	(as restated) 864,506
Profit/(Loss) for the year		<u>332,126</u>	<u>(24,167)</u>

## 6 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 9 06 £	30 9 05 £
Bank loans and overdrafts (see note 8)	100,000	100,000
Accruals and deferred income	<u>2,346</u>	<u>2,774</u>
	<u>102,346</u>	<u>102,774</u>

## 7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 9 06 £	30 9 05 £
Bank loans (see note 8)	325,000	425,000
Amounts owed to group undertakings	<u>144,454</u>	<u>72,865</u>
	<u>469,454</u>	<u>497,865</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2006

The bank loan is secured by a standard security and floating charge over the company's assets. The loan is repayable in quarterly instalments of £25,000 over 6 years and bears interest at 1.75% over base rate.

## 8 LOANS

An analysis of the maturity of loans is given below

	30 9 06 £	30 9 05 £
Amounts falling due within one year or on demand		
Bank loans	<u>100,000</u>	<u>100,000</u>
Amounts falling due between one and two years		
Bank loans 1-2 years	<u>100,000</u>	<u>100,000</u>
Amounts falling due between two and five years		
Bank loans 2-5 years	<u>225,000</u>	<u>300,000</u>
Amounts falling due after more than five years		
Bank loans > 5 years	<u>—</u>	<u>25,000</u>

## 9 CALLED UP SHARE CAPITAL

Number	Class	Nominal value £1	30 9 06 £	30 9 05 £
200,000	Ordinary		<u>200,000</u>	<u>200,000</u>

## 10 RESERVES

	Profit and loss account £
At 1 October 2005	(28,839)
Profit for the year	<u>28,839</u>
At 30 September 2006	<u>—</u>

## 11 RELATED PARTY DISCLOSURES

During the year, the company raised a management fee of £81,576 (2005: £32,000) to its wholly owned subsidiary Barr + Wray Limited.

The amounts owed to group undertakings of £144,454 (2005: £72,865), note 7, represent balances due to Barr + Wray Holdings Limited of £72,865 (2005: £72,865) and £71,589 (2005: £nil) to Barr + Wray Limited at 30 September 2006. These balances are unsecured and interest free. The movement in the year represents cash advances from Barr + Wray Limited and management charges raised to that company. Repayment of intra-group balances has been indefinitely postponed by all group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2006

## 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 9 06	30 9 05
	£	£
Profit/(Loss) for the financial year	28,839	(28,839)
Ordinary share capital issued in year	<u>          </u>	<u>200,000</u>
<b>Net addition to shareholders' funds</b>	28,839	171,161
Opening shareholders' funds	<u>171,161</u>	<u>          </u>
<b>Closing shareholders' funds</b>	<u>200,000</u>	<u>171,161</u>
 Equity interests	 <u>200,000</u>	 <u>171,161</u>