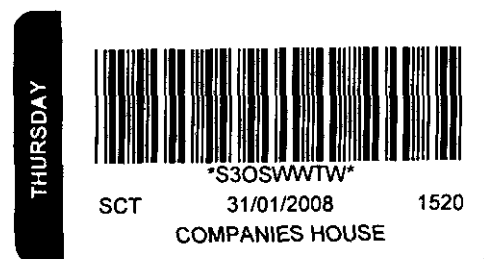


REGISTRAR

BARR + WRAY GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007



Company Registration Number SC276252

Tenon Limited
Accountants and Business Advisers
2 Blythswood Square
Glasgow
G2 4AD

BARR + WRAY GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the members	4 to 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 to 13

BARR + WRAY GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 SEPTEMBER 2007

The board of directors

D Gunn
I Montgomerie
N MacDonald
A A MacDonald

Company secretary

I Montgomerie

Business address

324 Drumoyne Road
Glasgow
G51 4DY

Registered office

324 Drumoyne Road
Glasgow
G51 4DY

Auditor

Tenon Audit Limited
Registered Auditor
2 Blythswood Square
Glasgow
G2 4AD

Accountants

Tenon Limited
Accountants and Business Advisers
2 Blythswood Square
Glasgow
G2 4AD

Bankers

Clydesdale Bank plc
20 Waterloo Street
Glasgow
G2 6DB

BARR + WRAY GROUP LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and the financial statements of the company for the year ended 30 September 2007

Principal activity and business review

The principal activity of the company during the year was that of a holding company

The results for the year and the financial position of the company are shown in the annexed financial statements. The results of the trading subsidiary, Barr + Wray Limited, for the year to 30 September 2007 are disclosed in note 8 to the financial statements

The closing order book at the end of September 2007 provides the opportunity for continued growth in 2008

Results and dividends

The profit for the year amounted to £100,000. Particulars of dividends paid are detailed in note 7 to the financial statements

Financial risk management objectives and policies

The company finances its operations through a bank loan. Management's objectives are to

retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due,

match the repayment schedule of any external borrowings with the expected future cash flows arising from the group's trading activities

Hedge accounting is not used by the company

The company's borrowings are in a variable rate loan which allow the company to take advantage of any falls in the UK base interest rate. The directors are comfortable that the group has sufficient head room to absorb any further base rate rises without materially affecting its financial commitments

Directors

The directors who served the company during the year were as follows

D Gunn

I Montgomerie

N MacDonald

G C Carey (resigned 31 December 2007)

A A MacDonald

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). 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

BARR + WRAY GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2007

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 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.

In so far as the directors are, individually, aware

there is no relevant audit information of which the company's auditor is unaware, and

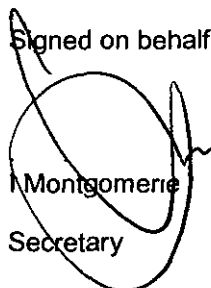
the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

During the year the Company's auditors, LWC Audit Limited, transferred their business to Tenon Audit Limited, a company incorporated in the UK. The Company's consent has been given to treating the appointment of LWC Audit Limited as extending to Tenon Audit Limited. A resolution to re appoint Tenon Audit Limited as the company's auditor will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors


I. Montgomerie
Secretary

Approved by the directors on 15 January 2008

BARR + WRAY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARR + WRAY GROUP LIMITED

YEAR ENDED 30 SEPTEMBER 2007

We have audited the financial statements of Barr + Wray Group Limited on pages 6 to 13 for the year ended 30 September 2007. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Report 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 Directors' Report 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.

BARR + WRAY GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARR +
WRAY GROUP LIMITED *(continued)***

YEAR ENDED 30 SEPTEMBER 2007

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 2007 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 Directors' Report is consistent with the financial statements

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
2 Blythswood Square
Glasgow
G2 4AD

16 January 2008

BARR + WRAY GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	2006 £
Turnover		—	—
Administrative expenses		(20,688)	(22,321)
Other operating income	2	47,631	81,576
Operating profit		26,943	59,255
Income from shares in group undertakings	4	100,000	—
Interest payable and similar charges	5	(26,943)	(30,416)
Profit on ordinary activities before taxation		100,000	28,839
Tax on profit on ordinary activities		—	—
Profit for the financial year		<u>100,000</u>	<u>28,839</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 13 form part of these financial statements

BARR + WRAY GROUP LIMITED

BALANCE SHEET

30 SEPTEMBER 2007

	Note	2007 £	£	2006 £	£
Fixed assets					
Investments	7		771,799		771,799
Current assets					
Cash at bank		1		1	
Creditors: Amounts falling due within one year	8	(102,110)		(102,346)	
Net current liabilities			(102,109)		(102,345)
Total assets less current liabilities			669,690		669,454
Creditors: Amounts falling due after more than one year	9		(469,690)		(469,454)
			<u>200,000</u>		<u>200,000</u>
Capital and reserves					
Called up share capital	11		200,000		200,000
Shareholders' funds	13		<u>200,000</u>		<u>200,000</u>

These financial statements were approved by the directors and authorised for issue on 15 January 2008, and are signed on their behalf by


A A MacDonald
Director

The notes on pages 9 to 13 form part of these financial statements

BARR + WRAY GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2007

		2007		2006	
	Note	£	£	£	£
Net cash inflow from operating activities	14		26,943		30,416
Returns on investments and Servicing of finance					
Income from group undertakings		100,000		—	
Interest paid		<u>(26,943)</u>		<u>(30,416)</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			73,057		(30,416)
Equity dividends paid			<u>(100,000)</u>		—
Cash inflow before financing					
Financing					
Loan advance from group undertaking		100,000		100,000	
Repayment of bank loans		<u>(100,000)</u>		<u>(100,000)</u>	
Net cash outflow from financing					
Increase in cash			<u>—</u>		<u>—</u>

The notes on pages 9 to 13 form part of these financial statements

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Deferred taxation

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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Fixed asset investments

Fixed asset investments are included at cost less provision for permanent impairment.

2 Other operating income

	2007	2006
	£	£
Management charges receivable	<u>47,631</u>	<u>81,576</u>

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	<u>20,688</u>	<u>22,118</u>

4 Income from shares in group undertakings

	2007	2006
	£	£
Dividend received from Barr + Wray Holdings Limited	<u>100,000</u>	<u>—</u>

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

5 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	<u>26,943</u>	<u>30,416</u>

6 Dividends

Equity dividends

	2007	2006
	£	£
Paid during the year		
Equity dividends on ordinary shares	<u>100,000</u>	<u>-</u>

7 Investments

**Shares in
group
undertakings
£**

Cost

At 1 October 2006 and 30 September 2007	<u>771,799</u>
---	----------------

Net book value

At 30 September 2007	<u>771,799</u>
----------------------	----------------

At 30 September 2006	<u>771,799</u>
----------------------	----------------

The company owns 100% of the issued share capital of the companies listed below

Nature of business

Barr + Wray Holdings Limited	Holding company
Barr + Wray Limited	Water engineering

	2007	2006
	£	£
Aggregate capital and reserves		
Barr + Wray Holdings Limited	656,583	656,583
Barr + Wray Limited	<u>2,225,862</u>	<u>1,294,632</u>

Profit for the year

Barr + Wray Holdings Limited	100,000	-
Barr + Wray Limited	<u>558,030</u>	<u>332,126</u>

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

8. Creditors: Amounts falling due within one year

	2007 £	2006 £
Bank loans	100,000	100,000
Accruals and deferred income	2,110	2,346
	<u>102,110</u>	<u>102,346</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007 £	2006 £
Bank loans	<u>100,000</u>	<u>100,000</u>

9 Creditors: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	225,000	325,000
Amounts owed to group undertakings	244,690	144,454
	<u>469,690</u>	<u>469,454</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2007 £	2006 £
Bank loans and overdrafts	<u>225,000</u>	<u>325,000</u>

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.

10. Related party transactions

During the year the company raised a management fee of £47,631 (2006 £81,576) to its wholly owned subsidiary, Barr + Wray Limited.

The amounts owed to group undertakings of £244,690 (2006 £144,454) represent balances due to Barr + Wray Holdings Limited of £72,865 (2006 £72,865) and £171,824 (2006 £71,589) to Barr + Wray Limited at 30 September 2007. 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.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

11. Share capital

Authorised share capital

	2007	2006
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid

	2007		2006
	No	£	No
			£
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

12. Profit and loss account

	2007	2006
	£	£
Balance brought forward	–	(28,839)
Profit for the financial year	100,000	28,839
Equity dividends	(100,000)	–
Balance carried forward	<u>–</u>	<u>–</u>

13 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	100,000	28,839
Equity dividends	(100,000)	–
Net addition to shareholders' funds	<u>–</u>	<u>28,839</u>
Opening shareholders' funds	<u>200,000</u>	<u>171,161</u>
Closing shareholders' funds	<u>200,000</u>	<u>200,000</u>

14 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	26,943	59,255
Decrease in creditors	<u>–</u>	<u>(28,839)</u>
Net cash inflow from operating activities	<u>26,943</u>	<u>30,416</u>

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

14. Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2007		2006	
	£	£	£	£
Increase in cash in the period	—		—	
Net cash outflow from bank loans	100,000		100,000	
Change in net debt		100,000		100,000
Net debt at 1 October 2006		424,999		524,999
Net debt at 30 September 2007		324,999		424,999

Analysis of changes in net debt

	At 1 October 2006 £	Cash flows £	At 30 September 2007 £
Net cash			
Cash in hand and at bank	1	—	1
Debt			
Debt due within 1 year	(100,000)	—	(100,000)
Debt due after 1 year	(325,000)	(100,000)	(225,000)
	(425,000)	(100,000)	(325,000)
Net debt	(424,999)	(100,000)	(324,999)

15 Ultimate controlling party

The company was under the control of its ordinary shareholders during the year No individual shareholder has overall control of the company