

BARR + WRAY GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Company Registration Number SC276252

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

SATURDAY



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COMPANIES HOUSE

BARR + WRAY GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

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BARR + WRAY GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 SEPTEMBER 2009

The board of directors	N MacDonald A A MacDonald D Gunn I Montgomerie
Company secretary	I Montgomerie
Business address	1 Buccleuch Avenue Hillington Park Glasgow G52 4NR
Registered office	1 Buccleuch Avenue Hillington Park Glasgow G52 4NR
Auditor	RSM Tenon Audit Limited 2 Blythswood Square Glasgow G2 4AD
Accountants	RSM 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 2009

The directors present their report and the financial statements of the group for the year ended 30 September 2009.

Principal activities and business review

The principal activity of the group during the year was the provision of water engineering services.

The group's principal activity is within two distinct markets - "Sport + Leisure" and "Process + Environmental Engineering", where it utilises its core skills in water engineering. Its experience and expertise built up over the past 50 years is combined with state of the art engineering to provide its customers with products and services of the highest quality.

The results for the year to 30 September are below forecast reflecting the global economic conditions which prevailed during the financial year. The directors nevertheless believe the results for the year are commendable and that the closing order-book at the end of September 2009 provides an opportunity for future growth.

The directors believe the main risk facing the business is the downturn in the global economy. The healthy financial position of the business, its standing as a market leader, the recognised quality of the company brand and the strong order book at the year end in the directors' opinion significantly mitigates this risk. With the establishment of the subsidiary in the United Arab Emirates, Barr + Wray FZ-LLC, the directors believe this further mitigates this risk by creating new income streams for the group.

Key performance indicators

Gross margin in the year was 15.4% against 15.16% in 2008. The operating margin in the year was 4.5% against 6.4% in 2008. These margins are satisfactory and reflect the continuing profitability and success of the group.

Results and dividends

The profit for the year, after taxation, amounted to £409,974. Particulars of dividends paid are detailed in note 10 to the financial statements.

Financial instruments

The group is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The group manages these risks by financing its operations through retained profits, supplemented by long-term bank borrowings where necessary to fund expansion or capital expenditure programmes.

Management's objective is to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due.

Hedge accounting is not used by the group.

The group's surplus funds are held primarily in short term fixed rate deposit accounts, which the directors believe gives the group the flexibility to release cash resources at short notice.

BARR + WRAY GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2009

Directors

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

N MacDonald
A A MacDonald
D Gunn
I Montgomerie

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 the group and of the profit or loss of the group for that year. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group 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 group'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.

Donations

During the year the group made the following contributions:

	2009	2008
	£	£
Charitable donations	<u>3,135</u>	<u>2,537</u>

BARR + WRAY GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2009

Auditor

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name.

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



.....
I Montgomerie
Secretary

Approved by the directors on 26/1/10

BARR + WRAY GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARR +
WRAY GROUP LIMITED
YEAR ENDED 30 SEPTEMBER 2009

We have audited the group and parent company financial statements ("the financial statements") of Barr + Wray Group Limited for the year ended 30 September 2009 on pages 7 to 25. 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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 group's and parent company's affairs as at 30 September 2009 and of the group's profit 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.

BARR + WRAY GROUP LIMITED

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

YEAR ENDED 30 SEPTEMBER 2009

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Mark McRae, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
2 Blythswood Square
Glasgow
G2 4AD

Date:- *1/3/10*

BARR + WRAY GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £	2008 £
Group turnover	2	12,767,277	13,202,371
Cost of sales		(10,798,469)	(11,200,411)
Gross profit		1,968,808	2,001,960
Administrative expenses		(1,385,537)	(1,156,487)
Operating profit	3	583,271	845,473
Interest receivable and similar income	6	71,822	205,612
Interest payable and similar charges	7	(13,941)	(20,057)
Profit on ordinary activities before taxation		641,152	1,031,028
Tax on profit on ordinary activities	8	(231,178)	(338,959)
Profit for the financial year	9	<u>409,974</u>	<u>692,069</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 12 to 25 form part of these financial statements.

BARR + WRAY GROUP LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 SEPTEMBER 2009

	2009 £	2008 £
Profit for the financial year attributable to the shareholders of the parent company	409,974	692,069
Exchange differences arising on consolidation	(21,811)	1,058
Actuarial loss in respect of defined benefit pension scheme	(45,000)	(86,000)
Related movement in deferred taxation	<u>12,600</u>	<u>24,080</u>
Total gains and losses recognised since the last annual report	<u>355,763</u>	<u>631,207</u>

The notes on pages 12 to 25 form part of these financial statements.

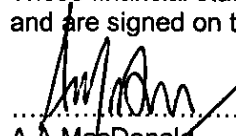
BARR + WRAY GROUP LIMITED

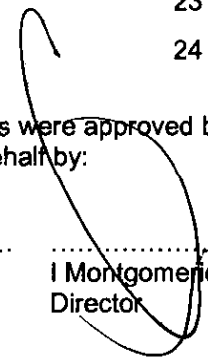
GROUP BALANCE SHEET

30 SEPTEMBER 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	11	477,670	508,993
Tangible assets	12	2,119,155	651,882
		<u>2,596,825</u>	<u>1,160,875</u>
Current assets			
Stocks	14	280,272	355,489
Debtors	15	2,946,093	3,979,883
Cash at bank and in hand		2,541,706	2,127,677
		<u>5,768,071</u>	<u>6,463,049</u>
Creditors: Amounts falling due within one year	16	<u>(5,876,898)</u>	<u>(5,739,907)</u>
Net current (liabilities)/assets		<u>(108,827)</u>	<u>723,142</u>
Total assets less current liabilities		<u>2,487,998</u>	<u>1,884,017</u>
Creditors: Amounts falling due after more than one year	17	(525,000)	(125,000)
Provisions for liabilities			
Deferred taxation	18	(49,659)	(15,838)
Net assets excluding pension asset		<u>1,913,339</u>	<u>1,743,179</u>
Defined benefit pension scheme asset	19	151,283	85,680
Net assets including pension asset		<u>2,064,622</u>	<u>1,828,859</u>
Capital and reserves			
Called-up share capital	22	181,250	181,250
Capital redemption reserve	23	18,750	18,750
Foreign exchange reserve	23	(20,753)	1,058
Profit and loss account	23	1,885,375	1,627,801
Shareholders' funds	24	<u>2,064,622</u>	<u>1,828,859</u>

These financial statements were approved by the directors and authorised for issue on 26/11/09 and are signed on their behalf by:


A A MacDonal
Director


I Montgomerie
Director

The notes on pages 12 to 25 form part of these financial statements.

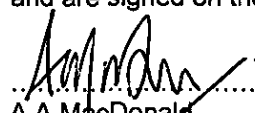
BARR + WRAY GROUP LIMITED

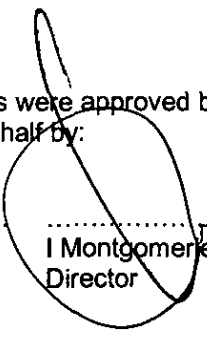
Registered Number SC276252

BALANCE SHEET**30 SEPTEMBER 2009**

	Note	2009 £	£	2008 £	£
Fixed assets					
Investments	13		771,799		771,799
Current assets					
Debtors	15	130,404		—	
Cash at bank		4		11	
		<u>130,408</u>		<u>11</u>	
Creditors: Amounts falling due within one year	16	<u>(104,342)</u>		<u>(101,327)</u>	
Net current assets/(liabilities)			<u>26,066</u>		<u>(101,316)</u>
Total assets less current liabilities			<u>797,865</u>		<u>670,483</u>
Creditors: Amounts falling due after more than one year	17		<u>(597,865)</u>		<u>(470,483)</u>
			<u>200,000</u>		<u>200,000</u>
Capital and reserves					
Called-up share capital	22		181,250		181,250
Other reserves	23		18,750		18,750
Shareholders' funds			<u>200,000</u>		<u>200,000</u>

These financial statements were approved by the directors and authorised for issue on 26/1/10,
and are signed on their behalf by:


A A MacDonald
Director


I Montgomery
Director

The notes on pages 12 to 25 form part of these financial statements.

BARR + WRAY GROUP LIMITED
GROUP CASH FLOW
YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £	£	2008 £	£
Net cash inflow from operating activities	25		1,976,180		628,582
Returns on investments and servicing of finance					
Interest received		37,822		125,612	
Interest paid		<u>(13,941)</u>		<u>(20,057)</u>	
Net cash inflow from returns on investments and servicing of finance			23,881		105,555
Taxation			(281,921)		(196,457)
Capital expenditure					
Payments to acquire tangible fixed assets		<u>(1,584,111)</u>		<u>(114,827)</u>	
Net cash outflow from capital expenditure			(1,584,111)		(114,827)
Equity dividends paid			<u>(120,000)</u>		<u>(120,000)</u>
Cash inflow before financing			14,029		302,853
Financing					
Purchase of own equity shares		—		(18,750)	
Premium on purchase of own equity shares		—		(280,313)	
Increase in/(repayment of) bank loans		400,000		<u>(100,000)</u>	
Capital element of hire purchase		<u>—</u>		<u>(4,156)</u>	
Net cash inflow/(outflow) from financing			400,000		(403,219)
Increase/(decrease) in cash	25		<u>414,029</u>		<u>(100,366)</u>

The notes on pages 12 to 25 form part of these financial statements.

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

In respect of long-term contract and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Value of work done in respect of long-term contract and contract for on-going services is determined by reference to the stage of completion.

In respect of goods sold during the year, turnover represents sales price, less returns received, exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Goodwill

Goodwill is stated at cost less accumulated amortisation and any impairment in value. Cost is the difference between the fair value of the consideration paid on the acquisition of a business and the fair value of the separable net assets acquired. Amortisation is calculated to write off the cost of goodwill on a straight-line basis over its estimated useful life up to a maximum of 20 years.

Impairment tests on the carrying value of goodwill are undertaken in accordance with Financial Reporting Standard 11: "Impairment of fixed assets and goodwill" as follows:

- at the end of the first full year following acquisition;
- and annually thereafter if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill - 20 years

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Heritable Property	- 4% straight line
Assets in the course of construction	- not depreciated
Tools and Equipment	- 20% straight line
Motor Vehicles	- 25% straight line
Office Furniture and Equipment	- 10 - 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in first-out method and includes the normal cost of transporting stock to its present location and condition.

Work in progress

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a normal level of activity.

For long term contracts, profit is recognised by reference to the stage of completion of each contract where there is reasonable certainty that the contract will be profitable. Where the outcome of the contract cannot be established with reasonable certainty, no profit is recognised. Foreseeable losses are provided for in full at the point at which the loss is anticipated.

Where amounts invoiced exceed the value of work done, the excess is accounted for as payments received on account and is included within creditors. Where the value of work done exceeds the amounts invoiced, the excess is accounted for as amounts recoverable on contracts and is included within debtors.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value, and are depreciated in accordance with the above depreciation policies.

Future instalments payable under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element, which reduces the outstanding obligation included within creditors, and the finance element, which is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Pension costs and other post-retirement benefits

The group operates three pension schemes; one defined benefit and two defined contribution schemes. For the defined benefit scheme, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at an AA corporate bond rate. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The defined benefit pension scheme was closed to future accrual with effect from 30 September 2006.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

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

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at a contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Foreign currencies (continued)

Exchange differences are taken into account in arriving at the operating profit.

The financial statements of the overseas subsidiary are translated into sterling at the rate of exchange ruling at the balance sheet date. The exchange differences arising on retranslation of opening net assets are taken directly to other reserves. All other differences are taken to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in value.

2. Turnover

The directors have chosen not to disclose further information on the group's turnover on the basis that they consider it seriously prejudicial to the interests of the group.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2009	2008
	£	£
Operating lease cost		
Land and buildings	41,741	19,484
Other	166,939	154,517
Amortisation of intangible assets	31,323	31,323
Depreciation of owned fixed assets	116,838	96,961
Auditors remuneration	16,575	14,469
Net profit on foreign currency translation	<u>(38,267)</u>	<u>(45,696)</u>

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

4. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2009	2008
	No	No
Production staff	33	33
Administration, sales and distribution	51	44
	<u>84</u>	<u>77</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	2,706,880	2,478,421
Social security costs	276,295	253,645
Other pension costs	63,339	85,469
	<u>3,046,514</u>	<u>2,817,535</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6) and amounts recognised in the statement of recognised gains and losses.

5. Directors' emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	2009	2008
	£	£
Aggregate emoluments	282,229	294,513
Value of company pension contributions to defined contribution schemes	19,552	21,756
	<u>301,781</u>	<u>316,269</u>

Emoluments of highest paid director:

	2009	2008
	£	£
Total emoluments (excluding pension contributions)	118,094	113,844
Value of company pension contributions to defined contribution schemes	4,368	4,200
	<u>122,462</u>	<u>118,044</u>

The number of directors on whose behalf the company made pension contributions was as follows:

	2009	2008
	No	No
Defined contribution schemes	<u>3</u>	<u>4</u>

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

6. Interest receivable and similar income

	2009 £	2008 £
Bank interest receivable	37,822	125,534
Other similar income receivable	—	78
Net finance income in respect of defined benefit pension schemes	34,000	80,000
	<u>71,822</u>	<u>205,612</u>

7. Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	<u>13,941</u>	<u>20,057</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	£	2008 £	£
In respect of the year:				
UK Corporation tax		159,277		281,921
Deferred tax:				
Deferred tax relating to defined benefit pension scheme	38,080		59,500	
Origination and reversal of timing differences (note 18)	<u>33,821</u>		<u>(2,462)</u>	
Total deferred tax		<u>71,901</u>		<u>57,038</u>
Tax on profit on ordinary activities		<u>231,178</u>		<u>338,959</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 28%).

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>641,152</u>	<u>1,031,028</u>
Profit on ordinary activities by rate of tax	179,523	288,688
Effects of:		
Expenses not deductible for tax purposes	12,381	12,297
Capital allowances for period (in excess of)/less than depreciation	(23,920)	8,096
Tax chargeable at higher rates	—	9,862
Effect of movement in defined benefit pension scheme liability	(38,080)	(59,500)
Losses of overseas subsidiary	<u>29,373</u>	<u>22,478</u>
Total current tax (note 8(a))	<u>159,277</u>	<u>281,921</u>

BARR + WRAY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2009

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £120,000 (2008 - £419,063).

10. Dividends

Equity dividends

	2009 £	2008 £
Paid during the year		
Equity dividends on ordinary shares	<u>120,000</u>	<u>120,000</u>

11. Intangible fixed assets

Group

**Goodwill
£**

Cost

At 1 October 2008 and 30 September 2009 626,454

Amortisation

At 1 October 2008 117,461

Charge for the year 31,323

At 30 September 2009 148,784

Net book value

At 30 September 2009 477,670

At 30 September 2008 508,993

Goodwill arising on acquisitions is amortised over a period of 20 years.

12. Tangible fixed assets

Group

	Heritable Property £	Tools and Equipment £	Motor Vehicles £	Office Furniture and Equipment £	Total £
Cost					
At 1 October 2008	550,000	73,936	28,437	475,912	1,128,285
Additions	1,328,590	<u>5,241</u>	<u>9,470</u>	<u>240,810</u>	1,584,111
At 30 September 2009	<u>1,878,590</u>	<u>79,177</u>	<u>37,907</u>	<u>716,722</u>	<u>2,712,396</u>
Depreciation					
At 1 October 2008	80,376	52,665	3,834	339,528	476,403
Charge for the year	<u>22,000</u>	<u>9,765</u>	<u>12,104</u>	<u>72,969</u>	116,838
At 30 September 2009	<u>102,376</u>	<u>62,430</u>	<u>15,938</u>	<u>412,497</u>	<u>593,241</u>
Net book value					
At 30 September 2009	<u>1,776,214</u>	<u>16,747</u>	<u>21,969</u>	<u>304,225</u>	2,119,155
At 30 September 2008	<u>469,624</u>	<u>21,271</u>	<u>24,603</u>	<u>136,384</u>	<u>651,882</u>

Heritable property was valued on an open market basis in December 2004 by Jones Lang LaSalle, Chartered Surveyors.

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12. Tangible fixed assets (continued)

The directors are satisfied that the value certified in December 2004 is not materially different from the open market value at 30 September 2009, and that the valuation is appropriately included in the financial statements at 30 September 2009.

13. Investments

Company	Group companies £
Cost	
At 1 October 2008 and 30 September 2009	771,799
Net book value	
At 30 September 2009 and 30 September 2008	771,799

The company holds 100% of the issued share capital of the following companies,

Company name	Nature of Business
Barr + Wray Holdings Limited	Intermediate holding company
Barr + Wray Limited*	Provision of water engineering services
Barr + Wray FZ-LLC**	Provision of water engineering services

Barr + Wray Holdings Limited and Barr + Wray Limited are registered in Scotland. Barr + Wray FZ-LLC is registered in Dubai, United Arab Emirates. Barr + Wray FZ-LLC was incorporated on 27 March 2008 and commenced trading on the same day.

* A subsidiary of Barr + Wray Holdings Limited

** A subsidiary of Barr + Wray Limited

All subsidiaries are included in the consolidated financial statements and have an accounting reference date of 30 September.

14. Stocks

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Stock	99,477	95,593	-	-
Work in progress	180,795	259,896	-	-
	<u>280,272</u>	<u>355,489</u>	<u>-</u>	<u>-</u>

15. Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	638,073	663,048	-	-
Amounts owed by group undertakings	-	-	130,404	-
Amounts recoverable on contracts	2,128,473	3,204,752	-	-
Other debtors	145,605	90,087	-	-
Prepayments and accrued income	33,942	21,996	-	-
	<u>2,946,093</u>	<u>3,979,883</u>	<u>130,404</u>	<u>-</u>

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16. Creditors: Amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loan	100,000	100,000	100,000	100,000
Trade creditors	1,537,944	2,084,772	-	-
Corporation tax	159,277	281,921	-	-
Other taxation	227,534	188,417	-	-
Other creditors	31,072	33,964	-	-
Contract accruals	1,866,035	1,551,424	-	-
Payments on account on long term contracts	1,341,113	1,154,745	-	-
Accruals and deferred income	613,923	344,664	4,342	1,327
	<u>5,876,898</u>	<u>5,739,907</u>	<u>104,342</u>	<u>101,327</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loan	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loan	525,000	125,000	525,000	125,000
Amounts owed to group undertakings	-	-	72,865	345,483
	<u>525,000</u>	<u>125,000</u>	<u>597,865</u>	<u>470,483</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loan	<u>525,000</u>	<u>125,000</u>	<u>525,000</u>	<u>125,000</u>

18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Provision brought forward	15,838	18,300	-	-
Increase/(decrease) in provision	33,821	(2,462)	-	-
Provision carried forward	<u>49,659</u>	<u>15,838</u>	<u>-</u>	<u>-</u>

BARR + WRAY GROUP LIMITED
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18. Deferred taxation (continued)

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2009		2008	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>49,659</u>	<u>-</u>	<u>15,838</u>	<u>-</u>

19. Pensions and other post retirement benefits

The group operates a pension scheme for certain employees providing benefits based on final pensionable pay. The scheme closed to further accrual in September 2006. No other post-retirement benefits are provided. The scheme is a funded scheme.

The amounts recognised in the profit and loss account are as follows:

	2009 £	2008 £
Amounts included in other finance income:		
Expected return on scheme assets	400,000	439,000
Interest on scheme liabilities	<u>(366,000)</u>	<u>(359,000)</u>
Other finance income	<u>34,000</u>	<u>80,000</u>
Total credit to the profit and loss account	<u>34,000</u>	<u>80,000</u>
Actual return on scheme assets	<u>434,000</u>	<u>467,000</u>

Other finance income is included in the profit and loss account within interest receivable and similar income.

Actuarial losses of £(45,000) (2008: £(86,000)) have been recognised in the statement of total recognised gains and losses. At 30 September 2009 the cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses is £840,000.

The amounts recognised in the balance sheet are as follows:

	2009 £	2008 £
Present value of funded obligations	(6,649,000)	(5,727,000)
Fair value of scheme assets	<u>6,859,083</u>	<u>5,846,000</u>
	<u>210,083</u>	<u>119,000</u>
Related deferred tax liability	<u>(58,800)</u>	<u>(33,320)</u>
Net pension asset	<u>151,283</u>	<u>85,680</u>

BARR + WRAY GROUP LIMITED
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19. Pensions and other post retirement benefits (continued)

Changes in the present value of the defined benefit obligation scheme are as follows:

	2009	2008
	£	£
Opening defined benefit obligation	5,727,000	6,188,000
Interest on scheme liabilities	366,000	359,000
Actuarial loss/(gain)	759,000	(688,000)
Benefits paid	(203,000)	(132,000)
Closing defined benefit obligation	<u>6,649,000</u>	<u>5,727,000</u>

Changes in the fair value of scheme assets are as follows:

	2009	2008
	£	£
Opening fair value of scheme assets	5,846,000	6,181,000
Expected return on scheme assets	400,000	439,000
Contributions by employer	102,083	132,000
Actuarial gain/(loss)	714,000	(774,000)
Benefits paid	(203,000)	(132,000)
Closing fair value of scheme assets	<u>6,859,083</u>	<u>5,846,000</u>

The group expects to contribute £28,000 to its defined benefit pension scheme in 2010.

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows:

	Expected return		Fair value of assets	
	2009	2008	2009	2008
	%	%	£	£
Equities	7.00	7.50	4,977,000	4,438,000
Bonds	5.00	5.00	1,286,000	268,000
Other assets	5.00	5.00	596,083	1,140,000
Fair value of scheme assets			<u>6,859,083</u>	<u>5,846,000</u>

The expected return on assets assumption reflects the average of the group's best estimates for the long-term expected rates of return on the scheme's main asset classes, having taken professional advice.

The principal actuarial assumptions as at the balance sheet date were:

	2009	2008
	%	%
Discount rate	5.60	6.50
Expected return on scheme assets	6.00	6.90
Rate of increase in pensions in payment	3.25	3.50
Rate of increase in deferred pensions	3.25	3.50
Inflation	3.25	3.50

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19. Pensions and other post retirement benefits (continued)

Amounts for the current and previous four periods are as follows:

	2009 £	2008 £	2007 £	2006 £	2005 £
Defined benefit obligation	(6,649,000)	(5,727,000)	(6,188,000)	(6,424,000)	(6,222,000)
Fair value of scheme assets	<u>6,859,083</u>	<u>5,846,000</u>	<u>6,181,000</u>	<u>5,543,000</u>	<u>5,098,000</u>
Surplus/(deficit) in the scheme	<u>210,083</u>	<u>119,000</u>	<u>(7,000)</u>	<u>(881,000)</u>	<u>(1,124,000)</u>
Experience adjustments on scheme liabilities (£)	<u>268,000</u>	<u>110,000</u>	<u>(260,000)</u>	<u>187,000</u>	<u>49,000</u>
Experience adjustments on scheme assets (£)	<u>714,000</u>	<u>(774,000)</u>	<u>251,000</u>	<u>20,000</u>	<u>655,000</u>

20. Commitments under operating leases

At 2009 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2009		2008	
	Land and Buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 1 year	41,741	21,002	-	24,351
Within 2 to 5 years	-	118,381	41,741	116,168
	<u>41,741</u>	<u>139,383</u>	<u>41,741</u>	<u>140,519</u>

21. Related party transactions

The group has taken advantage of the exemptions available under Financial Reporting Standard 8, not to disclose transactions or balances between group entities that have been eliminated on consolidation.

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

22. Share capital

Authorised share capital:

	2009 £	2008 £
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	<u>181,250</u>	<u>181,250</u>	<u>181,250</u>	<u>181,250</u>

BARR + WRAY GROUP LIMITED
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23. Reserves

Group	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £
Balance brought forward	18,750	1,058	1,627,801
Profit for the year	—	—	409,974
Equity dividends	—	—	(120,000)
Exchange differences arising on consolidation	—	(21,811)	—
Defined benefit pension scheme	—	—	(45,000)
Related movement in deferred tax	—	—	12,600
Balance carried forward	<u>18,750</u>	<u>(20,753)</u>	<u>1,885,375</u>

Company	Capital redemption reserve £	Profit and loss account £
Balance brought forward	18,750	—
Profit for the year	—	120,000
Equity dividends	—	(120,000)
Balance carried forward	<u>18,750</u>	<u>—</u>

24. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	409,974	692,069
Purchase of own ordinary shares	—	(18,750)
Premium on purchase of own ordinary shares	—	(280,313)
Equity dividends	<u>(120,000)</u>	<u>(120,000)</u>
	(120,000)	(419,063)
Defined benefit pension scheme	(45,000)	(86,000)
Related movement in deferred taxation	12,600	24,080
Exchange differences arising on consolidation	<u>(21,811)</u>	<u>1,058</u>
Net addition to shareholders' funds	235,763	212,144
Opening shareholders' funds	<u>1,828,859</u>	<u>1,616,715</u>
Closing shareholders' funds	<u>2,064,622</u>	<u>1,828,859</u>

BARR + WRAY GROUP LIMITED
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25. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	583,271	845,473
Amortisation	31,323	31,323
Depreciation	116,838	96,961
Decrease/(increase) in stocks	75,217	(200,249)
Decrease/(increase) in debtors	1,033,790	(1,388,403)
Increase in creditors	259,635	1,374,419
Defined benefit pension scheme contributions paid	(102,083)	(132,000)
Exchange differences arising on consolidation	(21,811)	1,058
Net cash inflow from operating activities	<u>1,976,180</u>	<u>628,582</u>

Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
Increase/(decrease) in cash in the period	414,029	(100,366)
Net cash (inflow) from/outflow from bank loans	(400,000)	100,000
Cash outflow in respect of hire purchase	—	4,156
Change in net funds	<u>14,029</u>	<u>3,790</u>
Net funds at 1 October 2008	1,902,677	1,898,887
Net funds at 30 September 2009	<u>1,916,706</u>	<u>1,902,677</u>

Analysis of changes in net funds

	At 1 October 2008 £	Cash flows £	At 30 September 2009 £
Net cash:			
Cash in hand and at bank	2,127,677	414,029	2,541,706
Debt:			
Debt due within 1 year	(100,000)	—	(100,000)
Debt due after 1 year	(125,000)	(400,000)	(525,000)
	<u>(225,000)</u>	<u>(400,000)</u>	<u>(625,000)</u>
Net funds	<u>1,902,677</u>	<u>14,029</u>	<u>1,916,706</u>

26. Ultimate controlling party

The group was under the control of the shareholders throughout the current and previous year. There was no individual with a controlling stake in the group.