COMPANIES HOUSE

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BARR + WRAY GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

Company Registration Number SC276252

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COMPANIES HOUSE

BARR + WRAY GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

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BARR + WRAY GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 30 SEPTEMBER 2010

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

The directors present their report and the financial statements of the group for the year ended 30 September 2010.

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 slightly 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 2010 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 subsidiaries in the United Arab Emirates, Barr + Wray FZ-LLC, and Hong Kong, Barr + Wray (H.K.) Limited (incorporated 25 November 2010) 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 17.2% against 15.4% in 2009. The profit on ordinary activities before tax was 6.2% against 5.0% in 2009. 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 £675,942. 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.

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.

Auditor

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

Signed on behalf of the directors

....
I Montgomerie
Secretary

Approved by the directors on 25/1/11

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

YEAR ENDED 30 SEPTEMBER 2010

We have audited the group and parent company financial statements ("the financial statements") of Barr + Wray Group Limited for the year ended 30 September 2010 on pages 6 to 26. 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 and express an opinion on 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 2010 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.

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

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:- 28/1/11

BARR + WRAY GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 £	*2009 £*
Group turnover	2	14,961,751	*12,767,277*
Cost of sales		(12,363,832)	*(10,798,469)*
Gross profit		2,597,919	*1,968,808*
Administrative expenses		(1,730,857)	*(1,385,537)*
Operating profit	3	867,062	*583,271*
Interest receivable and similar income	6	81,532	*71,822*
Interest payable and similar charges	7	(18,721)	*(13,941)*
Profit on ordinary activities before taxation		929,873	*641,152*
Tax on profit on ordinary activities	8	(253,931)	*(231,178)*
Profit for the financial year	9	675,942	*409,974*

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 page 6 form part of these financial statements.

BARR + WRAY GROUP LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 SEPTEMBER 2010

	2010 £	2009 £
Profit for the financial year attributable to the shareholders of the parent company	675,942	409,974
Foreign exchange differences arising on consolidation	(4,514)	(21,811)
Actuarial loss in respect of defined benefit pension scheme	(78,000)	(45,000)
Related movement in deferred taxation	21,840	12,600
Total gains and losses recognised since the last annual report	615,268	355,763

The notes on page 7 form part of these financial statements.

BARR + WRAY GROUP LIMITED

GROUP BALANCE SHEET

30 SEPTEMBER 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	11		446,347		477,670
Tangible assets	12		2,320,855		2,119,155
			2,767,202		2,596,825
Current assets					
Stocks	14	490,193		280,272	
Debtors	15	3,945,443		2,946,093	
Cash at bank and in hand		2,625,149		2,541,706	
		7,060,785		5,768,071	
Creditors: Amounts falling due within one year	16	(6,740,779)		(5,776,898)	
Net current assets/(liabilities)			320,006		(8,827)
Total assets less current liabilities			3,087,208		2,587,998
Creditors: Amounts falling due after more than one year	17		(429,638)		(525,000)
Provisions for liabilities					
Deferred taxation	19		(75,310)		(49,659)
Government grants	20		(177,890)		(100,000)
Net assets excluding pension asset			2,404,370		1,913,339
Defined benefit pension scheme asset	21		155,520		151,283
Net assets including pension asset			2,559,890		2,064,622
Capital and reserves					
Called-up share capital	24		181,250		181,250
Capital redemption reserve	25		18,750		18,750
Foreign exchange reserve	25		(25,267)		(20,753)
Profit and loss account	25		2,385,157		1,885,375
Shareholders' funds	26		2,559,890		2,064,622

These financial statements were approved by the directors and authorised for issue on 25/1/11, and are signed on their behalf by:

A A MacDonald
Director

I Montgomerie
Director

The notes on page 8 form part of these financial statements.

BARR + WRAY GROUP LIMITED
Registered Number SC276252

BALANCE SHEET

30 SEPTEMBER 2010

	Note	2010 £	2010 £	*2009 £*	*2009 £*
Fixed assets					
Investments	13		771,799		*771,799*
Current assets					
Debtors	15	29,735		*130,404*	
Cash at bank		4		*4*	
		29,739		*130,408*	
Creditors: Amounts falling due within one year	16	(103,673)		*(104,342)*	
Net current (liabilities)/assets			(73,934)		*26,066*
Total assets less current liabilities			697,865		*797,865*
Creditors: Amounts falling due after more than one year	17		(497,865)		*(597,865)*
			200,000		*200,000*
Capital and reserves					
Called-up share capital	24		181,250		*181,250*
Other reserves	25		18,750		*18,750*
Shareholders' funds			200,000		*200,000*

These financial statements were approved by the directors and authorised for issue on 25/1/11, and are signed on their behalf by:

A A MacDonald
Director

I Montgomerie
Director

The notes on page 9 form part of these financial statements.

BARR + WRAY GROUP LIMITED

GROUP CASH FLOW

YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	27		695,548		*1,876,180*
Returns on investments and servicing of finance					
Interest received		12,532		*37,822*	
Interest paid		(18,721)		*(13,941)*	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(6,189)		*23,881*
Taxation			(157,787)		*(281,921)*
Capital expenditure					
Payments to acquire tangible fixed assets		(337,406)		*(1,584,111)*	
Net cash outflow from capital expenditure			(337,406)		*(1,584,111)*
Equity dividends paid			(120,000)		*(120,000)*
Cash inflow/(outflow) before financing			74,166		*(85,971)*
Financing					
(Repayment of)/increase in bank loans		(100,000)		*400,000*	
Capital element of hire purchase		9,277		–	
New grants received		100,000		*100,000*	
Net cash inflow from financing			9,277		*500,000*
Increase in cash	27		83,443		*414,029*

The notes on page 10 form part of these financial statements.

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.

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	-	2 - 4% straight line
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.

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 assets are recognised only to the extent that the directors consider it 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 assets and liabilities recognised have not been discounted.

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.

1. Accounting policies *(continued)*

Foreign currencies (continued)

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.

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.

Deferred government grants

Deferred government grants in respect of capital and personnel expenditure are treated as deferred income and credited to the profit and loss account over the estimated useful life of the assets or employment period to which they relate. The assets estimated useful life is deemed to be 50 years whilst the average employment length is 5 years.

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):

	2010 £	2009 £
Amortisation of government grants	(22,110)	–
Operating lease costs		
- Land and buildings	42,637	41,741
- Other	167,085	166,939
Amortisation of intangible assets	31,323	31,323
Depreciation of owned fixed assets	133,619	116,838
Depreciation of assets held under hire purchase agreements	2,087	–
Net loss/(profit) on foreign currency translation	53,644	(38,267)
Auditor's remuneration - audit of the financial statements	16,425	13,600
Auditor's remuneration - other fees	7,300	7,000

RSM Tenon Audit Limited

	2010 £	2009 £
Auditor's remuneration - audit of the financial statements	12,400	9,575

Auditor's remuneration - other fees:

	2010 £	2009 £
- Taxation services	2,300	2,000
- Accounting services	5,000	5,000
	7,300	7,000

Morison Menon Chartered Accountants

	2010 £	2009 £
Auditor's remuneration - audit of the financial statements	4,025	4,025

4. Particulars of employees

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

	2010 No	2009 No
Production staff	35	33
Administration, sales and distribution	54	51
	89	84

4. Particulars of employees (continued)

The aggregate payroll costs of the above were:

	2010	2009
	£	£
Wages and salaries	2,953,066	2,711,761
Social security costs	280,167	276,295
Other pension costs	80,303	63,339
	3,313,536	3,051,395

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:

	2010	2009
	£	£
Aggregate emoluments	281,184	282,229
Value of company pension contributions to defined contribution schemes	19,552	19,552
	300,736	301,781

Emoluments of highest paid director:

	2010	2009
	£	£
Total emoluments (excluding pension contributions)	117,927	118,094
Value of company pension contributions to defined contribution schemes	4,368	4,368
	122,295	122,462

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

	2010	2009
	No	No
Defined contribution schemes	3	3

6. Interest receivable and similar income

	2010	2009
	£	£
Bank interest receivable	12,532	37,822
Net finance income in respect of defined benefit pension schemes	69,000	34,000
	81,532	71,822

7. Interest payable and similar charges

	2010 £	*2009 £*
Interest payable on bank borrowing	16,847	*13,941*
Other similar charges	1,874	*–*
	18,721	*13,941*

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	*2009 £*
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	206,273	*159,277*
Over provision in prior year	(1,490)	*-*
	204,783	*159,277*
Deferred tax:		
Deferred tax relating to defined benefit pension scheme	23,497	*38,080*
Origination and reversal of timing differences (note 17)	25,651	*33,821*
Tax on profit on ordinary activities	253,931	*231,178*

(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% (2009 - 28%).

	2010 £	*2009 £*
Profit on ordinary activities before taxation	929,873	*641,152*
Profit on ordinary activities by rate of tax	260,364	*179,523*
Effects of:		
Expenses not deductible for tax purposes	15,449	*12,381*
Capital allowances for period in excess of depreciation	(12,929)	*(23,920)*
Tax chargeable at lower rates	(33,091)	*-*
Adjustments to tax charge in respect of previous periods	(1,490)	*-*
Effect of movement in defined benefit pension scheme liability	(23,520)	*(38,080)*
Losses of overseas subsidiary	-	*29,373*
Total current tax (note 8(a))	204,783	*159,277*

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £120,000 (2009 - £120,000).

10. Dividends

Equity dividends

	2010	*2009*
	£	£
Paid during the year		
Equity dividends on ordinary shares	120,000	*120,000*

11. Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 October 2009 and 30 September 2010	626,454
Amortisation	
At 1 October 2009	148,784
Charge for the year	31,323
At 30 September 2010	180,107
Net book value	
At 30 September 2010	446,347
At 30 September 2009	*477,670*

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 2009	1,878,590	79,177	37,907	716,722	2,712,396
Additions	199,437	16,443	15,019	106,507	337,406
At 30 September 2010	2,078,027	95,620	52,926	823,229	3,049,802
Depreciation					
At 1 October 2009	102,376	62,430	15,938	412,497	593,241
Charge for the year	53,666	10,158	14,590	57,292	135,706
At 30 September 2010	156,042	72,588	30,528	469,789	728,947
Net book value					
At 30 September 2010	1,921,985	23,032	22,398	353,440	2,320,855
At 30 September 2009	*1,776,214*	*16,747*	*21,969*	*304,225*	*2,119,155*

12. Tangible fixed assets *(continued)*

One of the heritable properties was valued on an open market basis in December 2004 by Jones Lang LaSalle, Chartered Surveyors.

The directors are satisfied that the value certified in December 2004 is not materially different from the open market value at 30 September 2010, and that the valuation is appropriately included in the financial statements at 30 September 2010.

No corporation tax would arise if the property was disposed at its revalued amount.

Hire purchase agreements

Included within the net book value of £2,320,855 is £11,828 (2009 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,087 (2009 - £Nil).

13. Investments

Company	Group companies £
Cost	
At 1 October 2009 and 30 September 2010	771,799
Net book value	
At 30 September 2010 and 30 September 2009	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.

* 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	
	2010 £	2009 £	2010 £	2009 £
Materials	121,887	99,477	–	–
Work in progress	368,306	180,795	–	–
	490,193	280,272	–	–

15. Debtors

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Trade debtors	926,138	*638,073*	–	–
Amounts owed by group undertakings	–	–	29,735	*130,404*
Amounts recoverable on contracts	2,897,587	*2,128,473*	–	–
Other debtors	37,393	*145,605*	–	–
Prepayments and accrued income	84,325	*33,942*	–	–
	3,945,443	*2,946,093*	29,735	*130,404*

16. Creditors: Amounts falling due within one year

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Bank loan	100,000	*100,000*	100,000	*100,000*
Trade creditors	2,177,318	*1,537,944*	–	–
Hire purchase agreements	4,639	–	–	–
Corporation tax	206,273	*159,277*	–	–
Other taxation	246,895	*227,534*	–	–
Other creditors	32,760	*31,072*	–	–
Contract accruals	2,701,930	*1,866,035*	–	–
Payments on account on long term contracts	676,017	*1,341,113*	–	–
Accruals and deferred income	594,947	*513,923*	3,673	*4,342*
	6,740,779	*5,776,898*	103,673	*104,342*

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

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Bank loan	100,000	*100,000*	100,000	*100,000*
Hire purchase agreements	4,639	–	–	–
	104,639	*100,000*	100,000	*100,000*

Details of securities over the above liabilities are disclosed in note 17.

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

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Bank loan	425,000	*525,000*	425,000	*525,000*
Amounts owed to group undertakings	–	–	72,865	*72,865*
Hire purchase agreements	4,638	–	–	–
	429,638	*525,000*	497,865	*597,865*

17. Creditors: Amounts falling due after more than one year *(continued)*

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

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Bank loan	425,000	*525,000*	425,000	*525,000*
Hire purchase agreements	4,638	–	–	–
	429,638	*525,000*	425,000	*525,000*

Bank borrowings are secured by way of a floating charge over the assets of the company to which they relate.

The bank loan to Barr + Wray Group Limited is secured by way of standard security over the company's heritable property.

Obligations under hire purchase agreements are secured on the assets to which they relate.

18. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Amounts payable within 1 year	4,639	-	-	-
Amounts payable between 1 and 2 years	4,638	-	-	-
	9,277	-	-	-

19. Deferred taxation

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

	Group		Company	
	2010	*2009*	**2010**	*2009*
	£	*£*	**£**	*£*
Provision brought forward	49,659	*15,838*	-	-
Increase in provision	25,651	*33,821*	-	-
Provision carried forward	75,310	*49,659*	-	-

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

Group	**2010**		*2009*	
	Provided	**Unprovided**	*Provided*	*Unprovided*
	£	**£**	*£*	*£*
Excess of taxation allowances over depreciation on fixed assets	75,310	-	*49,659*	-

20. Government grants

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Received:				
At 1 October 2009	100,000	–	–	–
Received during year	100,000	*100,000*	–	–
At 30 September 2010	200,000	*100,000*	–	–
Amortisation:				
Credit to profit and loss account	22,110	–	–	–
At 30 September 2010	22,110	–	–	–
Net balance at 30 September 2010	177,890	*100,000*	–	–

21. 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:

	2010 £	2009 £
Amounts included in other finance income:		
Expected return on scheme assets	430,000	*400,000*
Interest on scheme liabilities	(361,000)	*(366,000)*
Other finance income	69,000	*34,000*
Total credit to the profit and loss account	69,000	*34,000*
Actual return on scheme assets	690,000	*434,000*

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

Actuarial losses of (£78,000) (2009 - (£45,000)) have been recognised in the statement of total recognised gains and losses. At 30 September 2010 the cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses is £762,000.

The amounts recognised in the balance sheet are as follows:

	2010 £	2009 £
Present value of funded obligations	(6,915,000)	*(6,649,000)*
Fair value of scheme assets	7,131,000	*6,859,083*
	216,000	*210,083*
Related deferred tax liability	(60,480)	*(58,800)*
Net pension asset	155,520	*151,283*

21. Pensions and other post retirement benefits *(continued)*

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

	2010	*2009*
	£	£
Opening defined benefit obligation	6,649,000	*5,727,000*
Interest on scheme liabilities	361,000	*366,000*
Actuarial loss	338,000	*759,000*
Benefits paid	(433,000)	*(203,000)*
Closing defined benefit obligation	6,915,000	*6,649,000*

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

	2010	*2009*
	£	£
Opening fair value of scheme assets	6,859,083	*5,846,000*
Expected return on scheme assets	430,000	*400,000*
Contributions by employer	14,917	*102,083*
Actuarial gain	260,000	*714,000*
Benefits paid	(433,000)	*(203,000)*
Closing fair value of scheme assets	7,131,000	*6,859,083*

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**	
	2010	*2009*	**2010**	*2009*
	%	%	**£**	£
Equities	7.00	*7.00*	4,987,000	*4,977,000*
Bonds	5.00	*5.00*	1,233,000	*1,286,000*
Other assets	5.00	*5.00*	911,000	*596,083*
Fair value of scheme assets			7,131,000	*6,859,083*

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

	2010	*2009*
	%	%
Discount rate	5.00	5.60
Expected return on scheme assets	6.40	*6.00*
Rate of increase in pensions in payment	3.00	*3.25*
Rate of increase in deferred pensions	3.00	3.25
Inflation	3.00	*3.25*

21. Pensions and other post retirement benefits *(continued)*

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

	2010 £	2009 £	2008 £	2007 £	2006 £
Defined benefit obligation	(6,915,000)	*(6,649,000)*	*(5,727,000)*	*(6,188,000)*	*(6,424,000)*
Fair value of scheme assets	7,131,000	*6,859,083*	*5,978,000*	*6,181,000*	*5,543,000*
Surplus/(deficit) in the scheme	216,000	*210,083*	*251,000*	*(7,000)*	*(881,000)*
Experience adjustments on scheme liabilities (£)	175,000	*268,000*	*110,000*	*(260,000)*	*187,000*
Experience adjustments on scheme assets (£)	260,000	*714,000*	*(774,000)*	*251,000*	*20,000*

22. Commitments under operating leases

At 2010 the group had annual commitments under non-cancellable operating leases as set out below.

Group	**2010**		*2009*	
	Land and buildings £	**Other items £**	*Land and buildings £*	*Other items £*
Operating leases which expire:				
Within 1 year	12,709	43,547	*41,741*	*21,002*
Within 2 to 5 years	-	63,830	-	*118,381*
	12,709	107,377	*41,741*	*139,383*

23. 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.

24. Share capital

Allotted, called up and fully paid:

	2010		*2009*	
	No	**£**	*No*	*£*
Ordinary shares of £1 each	181,250	181,250	*181,250*	*181,250*

25. Reserves

Group

	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £
Balance brought forward	18,750	(20,753)	1,885,375
Profit for the year	–	–	675,942
Equity dividends	–	–	(120,000)
Defined benefit pension scheme	–	–	(78,000)
Related movement in deferred tax	–	–	21,840
Exchange differences arising on consolidation	–	(4,514)	–
Balance carried forward	18,750	(25,267)	2,385,157

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	18,750	–

26. Reconciliation of movements in shareholders' funds

	2010 £	*2009 £*
Profit for the financial year	675,942	*409,974*
Equity dividends	(120,000)	*(120,000)*
Defined benefit pension scheme	(78,000)	*(45,000)*
Related movement in deferred taxation	21,840	*12,600*
Exchange differences arising on consolidation	(4,514)	*(21,811)*
Net addition to shareholders' funds	495,268	*235,763*
Opening shareholders' funds	2,064,622	*1,828,859*
Closing shareholders' funds	2,559,890	*2,064,622*

27. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£	£
Operating profit	867,062	583,271
Amortisation	31,323	31,323
Depreciation	135,706	116,838
Amortisation of government grants	(22,110)	–
(Increase)/decrease in stocks	(209,921)	75,217
(Increase)/decrease in debtors	(999,350)	1,033,790
Increase in creditors	912,269	159,635
Defined benefit pension scheme contributions paid	(14,917)	(102,083)
Exchange differences arising on consolidation	(4,514)	(21,811)
Net cash inflow from operating activities	695,548	1,876,180

Reconciliation of net cash flow to movement in net funds

	2010		2009	
	£	£	£	£
Increase in cash in the period	83,443		414,029	
Net cash outflow from/(inflow) from bank loans	100,000		(400,000)	
Cash outflow in respect of hire purchase	(9,277)		–	
Change in net funds		174,166		14,029
Net funds at 1 October 2009		1,916,706		1,902,677
Net funds at 30 September 2010		2,090,872		1,916,706

Analysis of changes in net funds

	At 1 October 2009	Cash flows	Other	At 30 September 2010
	£	£	£	£
Net cash:				
Cash in hand and at bank	2,541,706	83,443	–	2,625,149
Debt:				
Debt due within 1 year	(100,000)	-	–	(100,000)
Debt due after 1 year	(525,000)	100,000	–	(425,000)
Hire purchase agreements	–	–	(9,277)	(9,277)
	(625,000)	100,000	(9,277)	(534,277)
Net debt	1,916,706	183,443	(9,277)	2,090,872

28. 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 interest in the group.