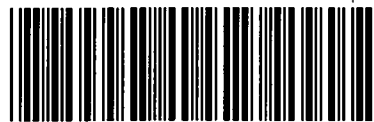


REGISTERED NUMBER: SC276252 (Scotland)

**GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019  
FOR  
BARR + WRAY HOLDINGS 2 LIMITED  
PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

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**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

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**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**DIRECTORS:**

A A Macdonald  
I Montgomerie  
D Barton  
Mrs M K Johnson  
L J Kennedy  
I McClure

**SECRETARY:**

I Montgomerie

**REGISTERED OFFICE:**

1 Buccleuch Avenue  
Hillington Park  
Glasgow  
G52 4NR

**REGISTERED NUMBER:**

SC276252 (Scotland)

**AUDITORS:**

Consilium Audit Limited (Statutory Auditor)  
169 West George Street  
Glasgow  
G2 2LB

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The directors present their strategic report of the Company and the Group for the year ended 30 September 2019.

**REVIEW OF BUSINESS**

The Group's principal activity is in two distinct markets - "Pools and Spas" and "Process Equipment", where it utilises its core skills in water engineering. Its experience and expertise built up over nearly 60 years is combined with state of the art engineering to provide its customers with products and services of the highest quality.

The directors believe that results for the year are commendable and that the closing order-book at the end of September 2019 provides an opportunity for further growth in the future.

**KEY PERFORMANCE INDICATORS**

Gross margin for the year was lower than that for the prior year at 17.5% (2018: 21.9%). The operating margin in the year was 5.9% against 5.1% in 2018. These margins are satisfactory and reflect the continuing profitability and success of the Group.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors believe the main risks facing the business are the downturn in the global economy together with uncertainty in relation to the ongoing Brexit negotiations. The healthy financial position of the business, its standing as a market leader, the recognised quality of the Group brand and the strong order book at the year end in the directors' opinion significantly mitigates these risks. With the establishment of the subsidiaries in the United Arab Emirates, Barr + Wray FZE, and Hong Kong, Barr & Wray (H.K.) Limited, the directors believe this further mitigates this risk by creating new income streams for the Group.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group finances its operations through its retained profits. 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.

**ON BEHALF OF THE BOARD:**

.....  
I Montgomerie - Secretary

Date: .....

29/11/2020

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

The directors present their report with the financial statements of the Company and the Group for the year ended 30 September 2019.

**CHANGE OF NAME**

The Group passed a special resolution on 12 November 2019 changing its name from Barr + Wray Group Limited to Barr + Wray Holdings 2 Limited.

**PRINCIPAL ACTIVITY**

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

**DIVIDENDS**

Details of dividends paid are included in notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

A A Macdonald  
I Montgomerie

Other changes in directors holding office are as follows:

D Barton - appointed 27 September 2019  
Mrs M K Johnson - appointed 27 September 2019  
L J Kennedy - appointed 27 September 2019  
I McClure - appointed 27 September 2019

**PURCHASE OF OWN SHARES**

The Group purchased, in aggregate, 4,000 of its £1 Ordinary shares in May 2019 for a consideration of £264,520. At the time of the purchase this represented 6.2% of the called up share capital.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**AUDITORS**

The auditors, Consilium Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
I Montgomerie - Secretary

Date: .....

29/1/2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BARR + WRAY HOLDINGS 2 LIMITED**

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**Opinion**

We have audited the financial statements of Barr + Wray Holdings 2 Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company affairs as at 30 September 2019 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BARR + WRAY HOLDINGS 2 LIMITED**

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**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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 a Report of the Auditors 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.



David Holt (Senior Statutory Auditor)  
for and on behalf of Consilium Audit Limited (Statutory Auditor)  
169 West George Street  
Glasgow  
G2 2LB

Date: 29/1/2020



**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

|   |       | 2019          |                   | 2018         |                   |
|---|-------|---------------|-------------------|--------------|-------------------|
|   | Notes | £             | £                 | £            | £                 |
| <b>TURNOVER</b>                                 | 3     |               | 20,516,474        |              | 16,861,110        |
| Cost of sales                                   |       |               | <u>16,916,331</u> |              | <u>13,166,880</u> |
| <b>GROSS PROFIT</b>                             |       |               | 3,600,143         |              | 3,694,230         |
| Administrative expenses                         |       |               | <u>2,379,463</u>  |              | <u>2,834,573</u>  |
| <b>OPERATING PROFIT</b>                         | 5     |               | 1,220,680         |              | 859,657           |
| Interest receivable and similar income          | 6     | 16,265        |                   | 7,749        |                   |
| Other finance income                            | 20    | <u>13,000</u> |                   | <u>9,000</u> |                   |
|   |       |               | <u>29,265</u>     |              | <u>16,749</u>     |
| <b>PROFIT BEFORE TAXATION</b>                   |       |               | 1,249,945         |              | 876,406           |
| Tax on profit                                   | 7     |               | <u>225,003</u>    |              | <u>148,806</u>    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>            |       |               | <u>1,024,942</u>  |              | <u>727,600</u>    |
| Profit attributable to:<br>Owners of the parent |       |               | <u>1,024,942</u>  |              | <u>727,600</u>    |

The notes form part of these financial statements

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

|   | Notes | 2019<br>£             | 2018<br>£             |
|---|-------|-----------------------|-----------------------|
| <b>PROFIT FOR THE YEAR</b>  |       | 1,024,942             | 727,600               |
| <b>OTHER COMPREHENSIVE LOSS</b>                                     |       |                       |                       |
| Actuarial (loss)/gain on pension scheme                             |       | (408,000)             | 172,000               |
| Foreign exchange reserve movement                                   |       | 181,270               | (30,665)              |
| Premium on repurchase of own shares                                 |       | (260,520)             | (550,583)             |
| Income tax relating to components of other comprehensive loss       |       | <u>77,520</u>         | <u>(32,680)</u>       |
| <b>OTHER COMPREHENSIVE LOSS FOR THE YEAR,<br/>NET OF INCOME TAX</b> |       | <u>(409,730)</u>      | <u>(441,928)</u>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                      |       | <u><u>615,212</u></u> | <u><u>285,672</u></u> |
| Total comprehensive income attributable to:<br>Owners of the parent |       | <u><u>615,212</u></u> | <u><u>285,672</u></u> |

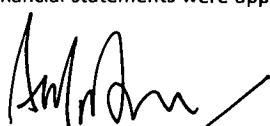
The notes form part of these financial statements

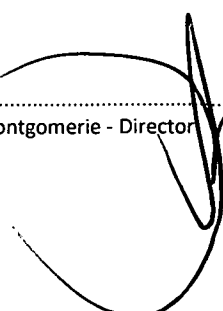
**BARR + WRAY HOLDINGS 2 LIMITED (REGISTERED NUMBER: SC276252)**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**CONSOLIDATED BALANCE SHEET**  
**30 SEPTEMBER 2019**

|  |       | 2019                    | 2018                    |
|--|-------|-------------------------|-------------------------|
|  | Notes | £                       | £                       |
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Intangible assets                            | 10    | 18,589                  | 22,144                  |
| Tangible assets                              | 11    | 1,612,356               | 1,739,368               |
| Investments                                  | 12    | -                       | -                       |
|  |       | <u>1,630,945</u>        | <u>1,761,512</u>        |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Stocks                                       | 13    | 607,298                 | 641,210                 |
| Debtors                                      | 14    | 6,863,993               | 5,924,193               |
| Cash at bank and in hand                     |       | <u>4,796,223</u>        | <u>4,669,122</u>        |
|  |       | 12,267,514              | 11,234,525              |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 15    | <u>9,588,489</u>        | <u>9,483,979</u>        |
| <b>NET CURRENT ASSETS</b>                    |       | <u>2,679,025</u>        | <u>1,750,546</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>4,309,970</u>        | <u>3,512,058</u>        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 17    | (98,790)                | (177,090)               |
| <b>PENSION ASSET</b>                         | 20    | <u>100,000</u>          | <u>495,000</u>          |
| <b>NET ASSETS</b>                            |       | <u><u>4,311,180</u></u> | <u><u>3,829,968</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                         |                         |
| Called up share capital                      | 18    | 61,000                  | 65,000                  |
| Capital redemption reserve                   | 19    | 139,000                 | 135,000                 |
| Other reserves                               | 19    | 146,865                 | (34,405)                |
| Retained earnings                            | 19    | <u>3,964,315</u>        | <u>3,664,373</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>4,311,180</u></u> | <u><u>3,829,968</u></u> |

The financial statements were approved by the Board of Directors on 29/1/2020 and were signed on its behalf by:

  
 .....  
 A A Macdonald - Director

  
 .....  
 I Montgomerie - Director

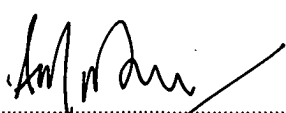
The notes form part of these financial statements

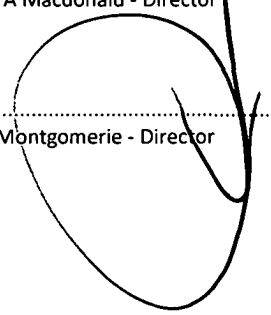
**BARR + WRAY HOLDINGS 2 LIMITED (REGISTERED NUMBER: SC276252)**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**COMPANY BALANCE SHEET**  
**30 SEPTEMBER 2019**

|  |       | 2019             | 2018             |
|--|-------|------------------|------------------|
|  | Notes | £                | £                |
| <b>FIXED ASSETS</b>                          |       |                  |                  |
| Intangible assets                            | 10    | -                | -                |
| Tangible assets                              | 11    | -                | -                |
| Investments                                  | 12    | <u>771,799</u>   | <u>771,799</u>   |
|  |       | 771,799          | 771,799          |
| <b>CREDITORS</b>                             |       |                  |                  |
| Amounts falling due within one year          | 15    | <u>571,799</u>   | <u>571,799</u>   |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(571,799)</u> | <u>(571,799)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>200,000</u>   | <u>200,000</u>   |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                  |
| Called up share capital                      | 18    | 61,000           | 65,000           |
| Capital redemption reserve                   | 19    | <u>139,000</u>   | <u>135,000</u>   |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>200,000</u>   | <u>200,000</u>   |
| Company's profit for the financial year      |       | <u>394,520</u>   | <u>681,273</u>   |

The financial statements were approved by the Board of Directors on 29/1/2020 and were signed on its behalf by:

  
 .....  
 A A Macdonald - Director

  
 .....  
 I Montgomerie - Director

The notes form part of these financial statements

BARR + WRAY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

|  | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Capital<br>redemption<br>reserve<br>£ | Other<br>reserves<br>£ | Total<br>equity<br>£ |
|--|------------------------------------|---------------------------|---------------------------------------|------------------------|----------------------|
| <b>Balance at 1 October 2017</b>                       | 71,160                             | 3,478,726                 | 128,840                               | (3,740)                | 3,674,986            |
| <b>Changes in equity</b>                               |                                    |                           |                                       |                        |                      |
| Profit for year  | -                                  | 727,600                   | -                                     | -                      | 727,600              |
| Repurchase of share capital                            | (6,160)                            | (556,743)                 | 6,160                                 | -                      | (556,743)            |
| Actuarial gains on pension scheme                      | -                                  | 172,000                   | -                                     | -                      | 172,000              |
| Movement on deferred tax relating<br>to pension scheme | -                                  | (32,680)                  | -                                     | -                      | (32,680)             |
| Foreign exchange reserve movement                      | -                                  | -                         | -                                     | (30,665)               | (30,665)             |
| Dividends  | -                                  | (124,530)                 | -                                     | -                      | (124,530)            |
| <b>Balance at 30 September 2018</b>                    | <u>65,000</u>                      | <u>3,664,373</u>          | <u>135,000</u>                        | <u>(34,405)</u>        | <u>3,829,968</u>     |
| <b>Changes in equity</b>                               |                                    |                           |                                       |                        |                      |
| Profit for year  | -                                  | 1,024,942                 | -                                     | -                      | 1,024,942            |
| Repurchase of share capital                            | (4,000)                            | (264,520)                 | 4,000                                 | -                      | (264,520)            |
| Actuarial loss on pension scheme                       | -                                  | (408,000)                 | -                                     | -                      | (408,000)            |
| Movement on deferred tax relating<br>to pension scheme | -                                  | 77,520                    | -                                     | -                      | 77,520               |
| Foreign exchange reserve movement                      | -                                  | -                         | -                                     | 181,270                | 181,270              |
| Dividends  | -                                  | (130,000)                 | -                                     | -                      | (130,000)            |
| <b>Balance at 30 September 2019</b>                    | <u>61,000</u>                      | <u>3,964,315</u>          | <u>139,000</u>                        | <u>146,865</u>         | <u>4,311,180</u>     |

The notes form part of these financial statements

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

|                                     | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Capital<br>redemption<br>reserve<br>£ | Total<br>equity<br>£  |
|-------------------------------------|------------------------------------|---------------------------|---------------------------------------|-----------------------|
| <b>Balance at 1 October 2017</b>    | 71,160                             | -                         | 128,840                               | 200,000               |
| <b>Changes in equity</b>            |                                    |                           |                                       |                       |
| Repurchase of share capital         | (6,160)                            | (556,743)                 | 6,160                                 | (556,743)             |
| Dividends                           | -                                  | (124,530)                 | -                                     | (124,530)             |
| Profit for year                     | -                                  | 681,273                   | -                                     | 681,273               |
| <b>Balance at 30 September 2018</b> | <u>65,000</u>                      | <u>-</u>                  | <u>135,000</u>                        | <u>200,000</u>        |
| <b>Changes in equity</b>            |                                    |                           |                                       |                       |
| Repurchase of share capital         | (4,000)                            | (264,520)                 | 4,000                                 | (264,520)             |
| Dividends                           | -                                  | (130,000)                 | -                                     | (130,000)             |
| Profit for year                     | -                                  | 394,520                   | -                                     | 394,520               |
| <b>Balance at 30 September 2019</b> | <u><u>61,000</u></u>               | <u><u>-</u></u>           | <u><u>139,000</u></u>                 | <u><u>200,000</u></u> |

The notes form part of these financial statements

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

|  |       | 2019             | 2018             |
|--|-------|------------------|------------------|
|  | Notes | £                | £                |
| <b>Cash flows from operating activities</b>      |       |                  |                  |
| Cash generated from operations                   | 23    | 539,896          | 2,547,353        |
| Tax paid   |       | <u>(168,232)</u> | <u>(106,786)</u> |
| Net cash from operating activities               |       | <u>371,664</u>   | <u>2,440,567</u> |
| <b>Cash flows from investing activities</b>      |       |                  |                  |
| Purchase of tangible fixed assets                |       | (41,871)         | (145,370)        |
| Sale of tangible fixed assets                    |       | -                | 27,797           |
| Interest received                                |       | <u>16,265</u>    | <u>7,749</u>     |
| Net cash from investing activities               |       | <u>(25,606)</u>  | <u>(109,824)</u> |
| <b>Cash flows from financing activities</b>      |       |                  |                  |
| Share buyback                                    |       | (264,520)        | (556,743)        |
| Equity dividends paid                            |       | <u>(130,000)</u> | <u>(124,530)</u> |
| Net cash from financing activities               |       | <u>(394,520)</u> | <u>(681,273)</u> |
| (Decrease)/increase in cash and cash equivalents |       | (48,462)         | 1,649,470        |
| Cash and cash equivalents at beginning of year   | 24    | 4,669,122        | 3,044,386        |
| Effect of foreign exchange rate changes          |       | <u>175,563</u>   | <u>(24,734)</u>  |
| Cash and cash equivalents at end of year         | 24    | <u>4,796,223</u> | <u>4,669,122</u> |

The notes form part of these financial statements

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**1. STATUTORY INFORMATION**

Barr + Wray Holdings 2 Limited is a private company, limited by shares, registered in Scotland. The Company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**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 a period of ten years from the year of acquisition. The results of companies acquired or disposed of are included in the Income Statement after or up to date that control passes respectively. As a Consolidated Income Statement is published, a separate Income Statement for the Company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. In preparing the financial statements the directors have made the following judgements:

- Determine whether leases entered into by the Group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed credit terms.
- Determine whether contract revenue and contract costs have been estimated and recognised according to the concepts of prudence and realisation of profits.
- The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation/asset in the balance sheet. The assumptions reflect historical experience and current trends.

**Turnover**

In respect of long-term contracts and contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced, net of Value Added Tax. The value of work done in respect of long term contracts and contracts for ongoing 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 Group has fulfilled its contractual obligations and the risks and rewards attaching to the product have been transferred to the customer.

**Goodwill and amortisation**

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 required. 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 10 years.

The carrying value of goodwill is reviewed by the directors annually for any impairment.



**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

|                                |                      |
|--------------------------------|----------------------|
| Heritable property             | - 2% straight line   |
| Tools and equipment            | - 20% straight line  |
| Motor vehicles                 | - 25% straight line  |
| Office furniture and equipment | - 10% to 20% on cost |

Tangible fixed assets are stated at cost less depreciation.

Cost represents purchase price together with any incidental costs of acquisition.

**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.

**Financial instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of 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 Group 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.

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The trading results of the Group undertakings are translated into Pound Sterling (£) at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in other comprehensive income.

**Operating leases**

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.

**Pension costs and other post-retirement benefits**

The Group operates two pension schemes; one defined benefit scheme and one defined contribution scheme. 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 income statement 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 loss are recognised immediately in Other Comprehensive Income.

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 (to the extent that it can be recovered) or liability 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 Consolidated Income Statement 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. The assets of the scheme are held separately from those of the Group in an independently administered fund.

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**2. ACCOUNTING POLICIES - continued**

**Fixed asset investments**

Investments are stated at cost less provision for any diminution of value, if such reduction is deemed to be of a permanent nature.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Group.

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.

**4. EMPLOYEES AND DIRECTORS**

|                       | <b>2019</b>             | <b>2018</b>             |
|-----------------------|-------------------------|-------------------------|
|                       | <b>£</b>                | <b>£</b>                |
| Wages and salaries    | 4,267,760               | 4,321,693               |
| Social security costs | 305,514                 | 288,041                 |
| Other pension costs   | <u>129,257</u>          | <u>90,144</u>           |
|                       | <u><u>4,702,531</u></u> | <u><u>4,699,878</u></u> |

The average number of employees during the year was as follows:

|  | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|
| Production                             | 46                | 51                |
| Administration, sales and distribution | <u>61</u>         | <u>62</u>         |
|  | <u><u>107</u></u> | <u><u>113</u></u> |

Other pension costs are amounts charged to operating profit and do not include amounts debited to finance costs and amounts recognised in Other Comprehensive Income in respect of the defined benefit pension scheme.

|  | <b>2019</b>  | <b>2018</b>  |
|--|--------------|--------------|
|  | <b>£</b>     | <b>£</b>     |
| Directors' remuneration                                    | 342,756      | 349,545      |
| Directors' pension contributions to money purchase schemes | <u>9,009</u> | <u>8,768</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Money purchase schemes | <u><u>2</u></u> | <u><u>2</u></u> |
|------------------------|-----------------|-----------------|

Information regarding the highest paid director is as follows:

|   | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
|   | <b>£</b>     | <b>£</b>     |
| Emoluments etc                                  | 248,558      | 257,662      |
| Pension contributions to money purchase schemes | <u>5,625</u> | <u>5,474</u> |

The Company considers key management to be the directors of the Group. The key management remuneration for the year is as disclosed above.

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

|                                    | 2019     | 2018            |
|------------------------------------|----------|-----------------|
|                                    | £        | £               |
| Other operating leases             | 300,644  | 302,820         |
| Depreciation - owned assets        | 173,665  | 184,424         |
| Profit on disposal of fixed assets | -        | (13,518)        |
| Goodwill amortisation              | 4,647    | 4,225           |
| Auditors' remuneration             | 19,450   | 18,900          |
| Foreign exchange differences       | 7,404    | 25,389          |
| Amortisation of government grants  | <u>-</u> | <u>(83,487)</u> |

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

|                          | 2019          | 2018         |
|--------------------------|---------------|--------------|
|                          | £             | £            |
| Bank interest receivable | <u>16,265</u> | <u>7,749</u> |

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | £              | £              |
| Current tax:  |                |                |
| UK corporation tax                                      | 225,783        | 154,096        |
| Over provision in prior years                           | <u>-</u>       | <u>(900)</u>   |
| Total current tax                                       | <u>225,783</u> | <u>153,196</u> |
| Deferred tax:   |                |                |
| Origination and reversal of timing differences          | (3,250)        | (6,100)        |
| Deferred tax relating to defined benefit pension scheme | <u>2,470</u>   | <u>1,710</u>   |
| Total deferred tax                                      | <u>(780)</u>   | <u>(4,390)</u> |
| Tax on profit   | <u>225,003</u> | <u>148,806</u> |

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**7. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

|   | 2019<br>£        | 2018<br>£      |
|---|------------------|----------------|
| Profit before tax   | <u>1,249,945</u> | <u>876,406</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | 237,490          | 166,517        |
| Effects of:   |                  |                |
| Expenses not deductible for tax purposes  | 29,980           | 17,237         |
| Income not taxable for tax purposes   | (12,282)         | (22,983)       |
| Utilisation of tax losses   | (31,782)         | (11,313)       |
| Adjustments to tax charge in respect of previous periods                                | -                | (900)          |
| Tax chargeable at (lower)/higher rates  | (4,408)          | (2,297)        |
| Non-qualifying depreciation charge  | <u>6,005</u>     | <u>2,545</u>   |
| Total tax charge  | <u>225,003</u>   | <u>148,806</u> |

**Tax effects relating to effects of other comprehensive income**

|                                       | 2019<br>Gross<br>£ | Tax<br>£        | Net<br>£         |
|---------------------------------------|--------------------|-----------------|------------------|
| Actuarial gain/loss on pension scheme | (408,000)          | 77,520          | (330,480)        |
| Foreign exchange reserve movement     | 181,270            | -               | 181,270          |
| Premium on repurchase of own shares   | <u>(260,520)</u>   | <u>-</u>        | <u>(260,520)</u> |
|                                       | <u>(487,250)</u>   | <u>77,520</u>   | <u>(409,730)</u> |
|                                       |                    |                 |                  |
|                                       | 2018<br>Gross<br>£ | Tax<br>£        | Net<br>£         |
| Actuarial gain on pension scheme      | 172,000            | (32,680)        | 139,320          |
| Foreign exchange reserve movement     | (30,665)           | -               | (30,665)         |
| Premium on repurchase of own shares   | <u>(550,583)</u>   | <u>-</u>        | <u>(550,583)</u> |
|                                       | <u>(409,248)</u>   | <u>(32,680)</u> | <u>(441,928)</u> |

**8. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit for the year was £394,520 (2018: £681,273).

**9. DIVIDENDS**

|                            | 2019<br>£      | 2018<br>£      |
|----------------------------|----------------|----------------|
| Ordinary shares of £1 each |                |                |
| Paid in year               | <u>130,000</u> | <u>124,530</u> |

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**10. INTANGIBLE FIXED ASSETS**

**Group**

|                       | <b>Goodwill<br/>£</b> |
|-----------------------|-----------------------|
| <b>COST</b>           |                       |
| At 1 October 2018     | 670,742               |
| Exchange differences  | <u>2,185</u>          |
| At 30 September 2019  | <u>672,927</u>        |
| <b>AMORTISATION</b>   |                       |
| At 1 October 2018     | 648,598               |
| Amortisation for year | 4,647                 |
| Exchange differences  | <u>1,093</u>          |
| At 30 September 2019  | <u>654,338</u>        |
| <b>NET BOOK VALUE</b> |                       |
| At 30 September 2019  | <u>18,589</u>         |
| At 30 September 2018  | <u>22,144</u>         |

Goodwill arising on acquisitions is amortised over a period of 10 years.

**11. TANGIBLE FIXED ASSETS**

**Group**

|                        | <b>Heritable<br/>property<br/>£</b> | <b>Tools and<br/>equipment<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Office<br/>furniture<br/>and<br/>equipment<br/>£</b> | <b>Totals<br/>£</b> |
|------------------------|-------------------------------------|--------------------------------------|---------------------------------|---|---------------------|
| <b>COST</b>            |                                     |                                      |                                 |   |                     |
| At 1 October 2018      | 1,588,110                           | 146,243                              | 285,336                         | 1,499,665   | 3,519,354           |
| Additions              | -                                   | 5,896                                | -                               | 35,975  | 41,871              |
| Disposals              | -                                   | (5,000)                              | -                               | (171,152)   | (176,152)           |
| Exchange differences   | <u>-</u>                            | <u>287</u>                           | <u>3,917</u>                    | <u>1,710</u>  | <u>5,914</u>        |
| At 30 September 2019   | <u>1,588,110</u>                    | <u>147,426</u>                       | <u>289,253</u>                  | <u>1,366,198</u>  | <u>3,390,987</u>    |
| <b>DEPRECIATION</b>    |                                     |                                      |                                 |   |                     |
| At 1 October 2018      | 322,067                             | 130,348                              | 167,547                         | 1,160,024   | 1,779,986           |
| Charge for year        | 35,938                              | 6,431                                | 59,513                          | 71,783  | 173,665             |
| Eliminated on disposal | -                                   | (5,000)                              | -                               | (171,152)   | (176,152)           |
| Exchange differences   | <u>-</u>                            | <u>269</u>                           | <u>309</u>                      | <u>554</u>  | <u>1,132</u>        |
| At 30 September 2019   | <u>358,005</u>                      | <u>132,048</u>                       | <u>227,369</u>                  | <u>1,061,209</u>  | <u>1,778,631</u>    |
| <b>NET BOOK VALUE</b>  |                                     |                                      |                                 |   |                     |
| At 30 September 2019   | <u>1,230,105</u>                    | <u>15,378</u>                        | <u>61,884</u>                   | <u>304,989</u>  | <u>1,612,356</u>    |
| At 30 September 2018   | <u>1,266,043</u>                    | <u>15,895</u>                        | <u>117,789</u>                  | <u>339,641</u>  | <u>1,739,368</u>    |

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**12. FIXED ASSET INVESTMENTS**

**Company**

|                       | Shares in<br>group<br>undertakings<br>£ |
|-----------------------|---|
| <b>COST</b>           |   |
| At 1 October 2018     |   |
| and 30 September 2019 | <u>771,799</u>                          |
| <b>NET BOOK VALUE</b> |   |
| At 30 September 2019  | <u>771,799</u>                          |
| At 30 September 2018  | <u>771,799</u>                          |

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**Barr + Wray Holdings Limited**

Registered office: 1 Buccleuch Avenue, Hillington Park, Glasgow.

Nature of business: Intermediate holding company

|                  |         |
|------------------|---------|
|                  | %       |
| Class of shares: | holding |
| Ordinary shares  | 100.00  |

**Barr + Wray Limited (sub-subsidiary)**

Registered office: 1 Buccleuch Avenue, Hillington Park, Glasgow.

Nature of business: Provision of water engineering services

|                  |         |
|------------------|---------|
|                  | %       |
| Class of shares: | holding |
| Ordinary shares  | 100.00  |

**Barr + Wray FZE (sub-subsidiary)**

Registered office: Office No. 401, Le Solarium, Dubai Silicon Oasis, Dubai, U.A.E.

Nature of business: Provision of water engineering services

|                  |         |
|------------------|---------|
|                  | %       |
| Class of shares: | holding |
| Ordinary shares  | 100.00  |

Barr + Wray FZE is a company incorporated in the United Arab Emirates.

**Barr & Wray (H.K.) Limited (sub-subsidiary)**

Registered office: Units 1603-4, 16th Floor, Causeway Bay Plaza I, No. 489 Hennessy Road, Hong Kong.

Nature of business: Provision of water engineering services

|                  |         |
|------------------|---------|
|                  | %       |
| Class of shares: | holding |
| Ordinary shares  | 100.00  |

Barr & Wray (H.K.) Limited is a company incorporated in Hong Kong.

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

**BARR + WRAY HOLDINGS 2 LIMITED**  
**PREVIOUSLY KNOWN AS BARR + WRAY GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**13. STOCKS**

|                  | <b>Group</b>          |                       |
|------------------|-----------------------|-----------------------|
|                  | <b>2019</b>           | <b>2018</b>           |
|                  | <b>£</b>              | <b>£</b>              |
| Raw materials    | 51,320                | 53,628                |
| Work-in-progress | <u>555,978</u>        | <u>587,582</u>        |
|                  | <u><b>607,298</b></u> | <u><b>641,210</b></u> |

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                  | <b>Group</b>            |                         |
|----------------------------------|-------------------------|-------------------------|
|                                  | <b>2019</b>             | <b>2018</b>             |
|                                  | <b>£</b>                | <b>£</b>                |
| Trade debtors                    | 1,971,726               | 1,294,572               |
| Amounts recoverable on contracts | 4,599,721               | 4,333,487               |
| Other debtors                    | 178,498                 | 196,011                 |
| Prepayments and accrued income   | <u>114,048</u>          | <u>100,123</u>          |
|                                  | <u><b>6,863,993</b></u> | <u><b>5,924,193</b></u> |

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b>Group</b>            |                         | <b>Company</b>        |                       |
|------------------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
|                                    | <b>2019</b>             | <b>2018</b>             | <b>2019</b>           | <b>2018</b>           |
|                                    | <b>£</b>                | <b>£</b>                | <b>£</b>              | <b>£</b>              |
| Payments on account                | 885,307                 | 1,684,631               | -                     | -                     |
| Trade creditors                    | 2,092,828               | 1,860,195               | -                     | -                     |
| Amounts owed to group undertakings | -                       | -                       | 571,799               | 571,799               |
| Tax                                | 156,648                 | 99,097                  | -                     | -                     |
| Social security and other taxes    | 95,847                  | 82,788                  | -                     | -                     |
| VAT                                | 292,610                 | 125,268                 | -                     | -                     |
| Other creditors                    | 48,923                  | 24,344                  | -                     | -                     |
| Accruals and deferred income       | 1,491,714               | 1,234,885               | -                     | -                     |
| Contract accruals                  | <u>4,524,612</u>        | <u>4,372,771</u>        | -                     | -                     |
|                                    | <u><b>9,588,489</b></u> | <u><b>9,483,979</b></u> | <u><b>571,799</b></u> | <u><b>571,799</b></u> |

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

|                            | <b>Non-cancellable operating leases</b> |                       |
|----------------------------|---|-----------------------|
|                            | <b>2019</b>                             | <b>2018</b>           |
|                            | <b>£</b>                                | <b>£</b>              |
| Within one year            | 153,283                                 | 205,552               |
| Between one and five years | <u>185,177</u>                          | <u>195,478</u>        |
|                            | <u><b>338,460</b></u>                   | <u><b>401,030</b></u> |



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**17. PROVISIONS FOR LIABILITIES**

|  | <b>Group</b>        |                          |
|--|---------------------|--------------------------|
|  | <b>2019</b>         | <b>2018</b>              |
|  | <b>£</b>            | <b>£</b>                 |
| Deferred tax                           |                     |                          |
| Accelerated capital allowances         | 79,790              | 83,040                   |
| Other timing differences               | <u>19,000</u>       | <u>94,050</u>            |
|  | <u>98,790</u>       | <u>177,090</u>           |
| <b>Group</b>                           |                     |                          |
|  | <b>Deferred tax</b> | <b>Government Grants</b> |
|  | <b>£</b>            | <b>£</b>                 |
| Balance at 1 October 2018              | 177,090             | -                        |
| Credit to Income Statement during year | (3,250)             | -                        |
| Defined benefit pension scheme         | <u>(75,050)</u>     | <u>-</u>                 |
| Balance at 30 September 2019           | <u>98,790</u>       | <u>-</u>                 |

**18. CALLED UP SHARE CAPITAL**

| <b>Allotted, issued and fully paid:</b> |               |                       |               |               |
|---|---------------|-----------------------|---------------|---------------|
| <b>Number:</b>                          | <b>Class:</b> | <b>Nominal value:</b> | <b>2019</b>   | <b>2018</b>   |
|   |               |                       | <b>£</b>      | <b>£</b>      |
| 65,000                                  | Ordinary      | £1                    | <u>61,000</u> | <u>65,000</u> |

**PURCHASE OF SHARES**

The Group purchased in aggregate 4,000 of its £1 shares in May 2019 for a consideration of £264,520. At the time of the purchase this represented 6.1% of the called up share capital.

**19. RESERVES**

| <b>Group</b>                      | <b>Retained earnings</b> | <b>Capital redemption reserve</b> | <b>Other reserves</b> | <b>Totals</b>    |
|-----------------------------------|--------------------------|-----------------------------------|-----------------------|------------------|
|                                   | <b>£</b>                 | <b>£</b>                          | <b>£</b>              | <b>£</b>         |
| At 1 October 2018                 | 3,664,373                | 135,000                           | (34,405)              | 3,764,968        |
| Profit for the year               | 1,024,942                | -                                 | -                     | 1,024,942        |
| Dividends                         | (130,000)                | -                                 | -                     | (130,000)        |
| Purchase of own shares            | (264,520)                | 4,000                             | -                     | (260,520)        |
| Exchange rate differences         | -                        | -                                 | 181,270               | 181,270          |
| Actuarial gains on pension scheme | (408,000)                | -                                 | -                     | (408,000)        |
| Related movement in deferred tax  | <u>77,520</u>            | <u>-</u>                          | <u>-</u>              | <u>77,520</u>    |
| At 30 September 2019              | <u>3,964,315</u>         | <u>139,000</u>                    | <u>146,865</u>        | <u>4,250,180</u> |

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**19. RESERVES - continued**

**Company**

|                        | Retained<br>earnings<br>£ | Capital<br>redemption<br>reserve<br>£ | Totals<br>£      |
|------------------------|---------------------------|---------------------------------------|------------------|
| At 1 October 2018      | -                         | 135,000                               | 135,000          |
| Profit for the year    | 394,520                   | -                                     | 394,520          |
| Dividends              | (130,000)                 | -                                     | (130,000)        |
| Purchase of own shares | <u>(264,520)</u>          | <u>4,000</u>                          | <u>(260,520)</u> |
| At 30 September 2019   | <u>-</u>                  | <u>139,000</u>                        | <u>139,000</u>   |

**20. EMPLOYEE BENEFIT OBLIGATIONS**

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. The scheme is a funded scheme.

The amounts recognised in the balance sheet are as follows:

|                                       | <b>Defined benefit<br/>pension plans</b> |                       |
|---------------------------------------|--|-----------------------|
|                                       | 2019<br>£                                | 2018<br>£             |
| Present value of funded obligations   | (10,182,000)                             | (9,295,000)           |
| Fair value of plan assets             | <u>10,282,000</u>                        | <u>9,790,000</u>      |
|                                       | 100,000                                  | 495,000               |
| Present value of unfunded obligations | <u>-</u>                                 | <u>-</u>              |
| Surplus                               | <u>100,000</u>                           | <u>495,000</u>        |
| Net asset                             | <u><u>100,000</u></u>                    | <u><u>495,000</u></u> |

The amounts recognised in profit or loss are as follows:

|   | <b>Defined benefit<br/>pension plans</b> |                       |
|---|--|-----------------------|
|   | 2019<br>£                                | 2018<br>£             |
| Current service cost                        | -  | -                     |
| Net interest from net defined benefit asset | (13,000)                                 | (9,000)               |
| Past service cost                           | <u>-</u>                                 | <u>-</u>              |
|   | <u><u>(13,000)</u></u>                   | <u><u>(9,000)</u></u> |
| Actual return on plan assets                | <u><u>796,000</u></u>                    | <u><u>583,000</u></u> |

**BARR + WRAY HOLDINGS 2 LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

|                                    | <b>Defined benefit pension plans</b> |                  |
|------------------------------------|--------------------------------------|------------------|
|                                    | <b>2019</b>                          | <b>2018</b>      |
|                                    | <b>£</b>                             | <b>£</b>         |
| Opening defined benefit obligation | 9,295,000                            | 9,202,000        |
| Interest cost                      | 247,000                              | 244,000          |
| Actuarial losses                   | 944,000                              | 158,000          |
| Benefits paid                      | (304,000)                            | (309,000)        |
|                                    | <u>10,182,000</u>                    | <u>9,295,000</u> |

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

|                                     | <b>Defined benefit pension plans</b> |                  |
|-------------------------------------|--------------------------------------|------------------|
|                                     | <b>2019</b>                          | <b>2018</b>      |
|                                     | <b>£</b>                             | <b>£</b>         |
| Opening fair value of scheme assets | 9,790,000                            | 9,516,000        |
| Interest income                     | 260,000                              | 253,000          |
| Return on scheme assets             | 536,000                              | 330,000          |
| Benefits paid                       | (304,000)                            | (309,000)        |
|                                     | <u>10,282,000</u>                    | <u>9,790,000</u> |

The amounts recognised in other comprehensive income are as follows:

|  | <b>Defined benefit pension plans</b> |                |
|--|--------------------------------------|----------------|
|  | <b>2019</b>                          | <b>2018</b>    |
|  | <b>£</b>                             | <b>£</b>       |
| Actuarial (losses)/gains                     | (408,000)                            | 172,000        |
| Movement on deferred tax relating to pension | 77,520                               | (32,680)       |
|  | <u>(330,480)</u>                     | <u>139,320</u> |

The major categories of scheme assets as amounts of total scheme assets are as follows:

|          | <b>Defined benefit pension plans</b> |                  |
|----------|--------------------------------------|------------------|
|          | <b>2019</b>                          | <b>2018</b>      |
|          | <b>£</b>                             | <b>£</b>         |
| Equities | 3,781,000                            | 3,682,000        |
| Bonds    | 3,217,000                            | 2,929,000        |
| Cash     | 3,284,000                            | 3,179,000        |
|          | <u>10,282,000</u>                    | <u>9,790,000</u> |

**BARR + WRAY HOLDINGS 2 LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

|   | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|
| Discount rate                           | 1.80%       | 2.70%       |
| Rate of increase in deferred pensions   | 1.90%       | 2.10%       |
| Rate of increase in pensions in payment | 2.90%       | 3.10%       |

**21. RELATED PARTY DISCLOSURES**

The Group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

**22. ULTIMATE CONTROLLING PARTY**

Before 21 October 2019, A A MacDonald was regarded as being the ultimate controlling party by virtue of his majority shareholding in the Company.

Post 21 October 2019, the Company is under the control of the shareholders of the newly formed parent company Barr + Wray Group Limited.

**23. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|  | <b>2019</b>           | <b>2018</b>             |
|--|-----------------------|-------------------------|
|  | <b>£</b>              | <b>£</b>                |
| Profit before taxation                         | 1,249,945             | 876,406                 |
| Depreciation charges                           | 173,665               | 184,424                 |
| Profit on disposal of fixed assets             | -                     | (13,518)                |
| Amortisation of goodwill                       | 4,481                 | 4,225                   |
| Government grants                              | -                     | (83,487)                |
| Finance income                                 | <u>(29,265)</u>       | <u>(16,749)</u>         |
|  | 1,398,826             | 951,301                 |
| Decrease/(increase) in stocks                  | 33,912                | (285,321)               |
| (Increase)/decrease in trade and other debtors | (939,800)             | 63,948                  |
| Increase in trade and other creditors          | <u>46,958</u>         | <u>1,817,425</u>        |
| <b>Cash generated from operations</b>          | <u><u>539,896</u></u> | <u><u>2,547,353</u></u> |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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**24. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 September 2019**

|                           | 30/9/19          | 1/10/18          |
|---------------------------|------------------|------------------|
|                           | £                | £                |
| Cash and cash equivalents | <u>4,796,223</u> | <u>4,669,122</u> |

**Year ended 30 September 2018**

|                           | 30/9/18          | 1/10/17          |
|---------------------------|------------------|------------------|
|                           | £                | £                |
| Cash and cash equivalents | <u>4,669,122</u> | <u>3,044,386</u> |