

**PURE CHOICE
WATERCOOLERS LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2001



Company no 02542607

PURE CHOICE WATERCOOLERS LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 2001

Company registration number: 02542607

Registered office: Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Directors: Mr T J Lamb
Mr J J Mugniery
Mr R Azera
Mr J M Theron

Secretary: Dickinson Dees

Bankers: Royal Bank of Scotland plc
90 Guildhall Street
Bury St Edmunds
Suffolk
IP33 1PH

Solicitors: Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Enterprise House
115 Edmund Stree
Birmingham
B3 2HJ

PURE CHOICE WATERCOOLERS LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 2001

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PURE CHOICE WATERCOOLERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 31 December 2001.

Principal activities

The company is principally engaged in the supply of mineral water and cooling equipment to commercial and domestic users.

Business review

There was a loss for the period after taxation amounting to £71,529 . The company was dormant throughout the year ended 24 September 2000. The directors do not recommend payment of a dividend.

On 17 August 2001 the trade and certain assets of J S Cytacki and Mrs M A Cytacki trading as Pure Choice was acquired by the company for £500,000. On the same date the entire issued share capital of the company was acquired by Chateaud'eau UK Limited.

Following this acquisition, the company changed its accounting reference date to 31 December to bring it in line with Chateau'deau UK Limited.

Directors

The present membership of the Board is set out below. T Lamb and J J Mugniery were appointed as directors on 17 August 2001. On the same date J S Cytacki and Mrs M A Cytacki resigned as directors. On 20 December 2001 R Azera and J M Theron were appointed as directors.

Mr T J Lamb
Mr J J Mugniery
Mr R Azera
Mr J M Theron

No director had an interest in the share capital of the company at 31 December 2001 or 25 September 2000, or the date of appointment if later. The interests of the directors who are also directors of the ultimate parent undertaking, Suez SA, are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

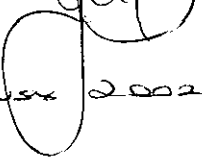
PURE CHOICE WATERCOOLERS LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton were appointed as auditors on 17 August 2001 and offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

T Lamb 
Director
Date
5 AUGUST 2002 

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PURE CHOICE WATERCOOLERS LIMITED**

We have audited the financial statements of Pure Choice Watercoolers Limited for the period ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

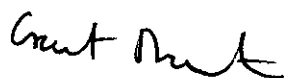
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Birmingham
Date 5 August 2002

PURE CHOICE WATERCOOLERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis, since the immediate parent undertaking, Chateaud'eau UK Limited, has confirmed its intention to provide sufficient funds to enable the company to meet its liabilities as they fall due for a period of at least twelve months.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Cooler equipment	20%
Plant and machinery	20%
Motor vehicles	25%
Computer equipment	33.3%

INTANGIBLE FIXED ASSETS

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of 20 years.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

PURE CHOICE WATERCOOLERS LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2001

	Note	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
Turnover	1	120,212	-
Cost of sales		(103,714)	-
Gross profit		16,498	-
Administrative expenses		(86,676)	-
Operating loss		(70,178)	-
Exceptional items			
Loss on sale of fixed assets		(2,015)	-
Interest payable and similar charges	2	(4,877)	-
Loss on ordinary activities before taxation	1	(77,070)	-
Tax on loss on ordinary activities	4	5,541	-
Loss transferred from reserves	14	(71,529)	-

There were no recognised gains or losses other than the loss for the financial period.

PURE CHOICE WATERCOOLERS LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Note	31 Dec 2001 £	31 Dec 2001 £	24 Sept 2000 £	24 Sept 2000 £
Fixed assets					
Intangible assets	5		379,157	-	-
Tangible assets	6		118,729	-	-
Investments	7		2,350,200	-	-
			<u>2,848,086</u>		<u>-</u>
Current assets					
Stocks	9	22,008		-	
Debtors	10	79,622		100	
Cash at bank and in hand		4,820		-	
		<u>106,450</u>		<u>100</u>	
Creditors: amounts falling due within one year	11	(592,556)		-	
Net current liabilities			<u>(486,106)</u>		<u>100</u>
Total assets less current liabilities			<u>2,361,980</u>		<u>100</u>
Creditors: amounts falling due after more than one year	12		(2,433,409)		-
			<u>(71,429)</u>		<u>100</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		(71,529)		-
Shareholders' funds	15		<u>(71,429)</u>		<u>100</u>

The financial statements were approved by the Board of Directors on 5 August 2002

T Lamb

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
The loss on ordinary activities is stated after:		
Auditors' remuneration	3,000	-
Depreciation and amortisation:		
Goodwill	6,412	-
Tangible fixed assets, owned	9,770	-

2 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
Finance charges in respect of finance leases	134	-
Interest payable to group undertakings	4,743	-
	4,877	-

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
Wages and salaries	50,129	-
Social security costs	3,904	-
Other pension costs	723	-
	54,756	-

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

The average number of employees of the company during the period were as follows:

	Period ended 31 Dec 2001 Number	Year ended 24 Sept 2000 Number
Administration	4	-
Sales and distribution	5	-
	<u>9</u>	<u>-</u>

No director received any remuneration from the company during the period.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
Group relief	(5,541)	-
	<u>(5,541)</u>	<u>-</u>

Unrelieved tax losses of approximately £27,000 remain available to offset against future taxable trading profits.

5 INTANGIBLE FIXED ASSETS

	Purchased goodwill £	Total £
Cost		
On acquisition of business	385,569	385,569
At 31 December 2001	<u>385,569</u>	<u>385,569</u>
Amortisation		
Charge for the period	6,412	6,412
At 31 December 2001	<u>6,412</u>	<u>6,412</u>
Net book amount at 31 December 2001	<u>379,157</u>	<u>379,157</u>

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

Purchased goodwill is being written off over its estimated useful life of 20 years.

6 TANGIBLE FIXED ASSETS

	Cooler equipment £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 25 September 2000	-	-	-	-	-
On acquisition	41,376	33,540	52,225	6,373	133,514
Disposals	-	-	(5,310)	-	(5,310)
At 31 December 2001	41,376	33,540	46,915	6,373	128,204
Depreciation					
At 25 September 2000	-	-	-	-	-
Provided in the period	2,967	2,236	3,505	1,062	9,770
Eliminated on disposals	-	-	(295)	-	(295)
At 31 December 2001	2,967	2,236	3,210	1,062	9,475
Net book amount at 31 December 2001	38,409	31,304	43,705	5,311	118,729

7 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £	Total £
Cost		
Additions	2,350,200	2,350,200
At 31 December 2001	2,350,200	2,350,200
Net book amount at 31 December 2001	2,350,200	2,350,200

On 20 December 2001 the company acquired the entire issued share capital of Aquacoast Limited.

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

At 31 December 2001 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Capital and reserves	Loss for the financial period
Aquacoast Limited	England and Wales	Ordinary	100%	Supply of mineral water and cooling equipment	£111,274	£(38,500)

8 ACQUISITIONS

On 17 August 2001 the company acquired the trade and certain assets of J S Cytacki and Mrs M A Cytacki trading as Pure Choice for a consideration of £500,000, satisfied in cash.

The assets acquired were as follows:

	Book value £
Fixed assets	
Tangible	63,262
Current assets	
Stocks	52,015
Total assets	115,277
	£
Fair value of net assets	115,277
Purchased goodwill capitalised	384,723
	500,000
Satisfied by:	
Cash	500,000
	500,000

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

9 STOCKS

	31 Dec 2001 £	24 Sept 2000 £
Finished goods and goods for resale	<u>22,008</u>	<u>-</u>

10 DEBTORS

	31 Dec 2001 £	24 Sept 2000 £
Trade debtors	51,207	-
Amounts owed by group undertakings	5,541	-
Other debtors	21,469	100
Prepayments and accrued income	1,405	-
	<u>79,622</u>	<u>100</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 2001 £	24 Sept 2000 £
Trade creditors	61,613	-
Social security and other taxes	3,017	-
Other creditors	503,294	-
Accruals and deferred income	13,321	-
Amounts due under finance leases	11,311	-
	<u>592,556</u>	<u>-</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 Dec 2001 £	24 Sept 2000 £
Amounts owed to group undertakings	2,419,943	-
Amounts due under finance leases	13,466	-
	<u>2,433,409</u>	<u>-</u>

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

Borrowings are repayable as follows:	31 Dec 2001 £	24 Sept 2000 £
Within one year		
Finance leases	11,311	-
After one and within two years		
Finance leases	13,466	-
	<u>24,777</u>	<u>-</u>

13 SHARE CAPITAL

	31 Dec 2001 £	24 Sept 2000 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 RESERVES

	Profit and loss account £
At 25 September 2000	-
Retained loss for the period	<u>(71,529)</u>
At 31 December 2001	<u>(71,529)</u>

PURE CHOICE WATERCOOLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period ended 31 Dec 2001 £	Year ended 24 Sept 2000 £
Loss for the financial period	(71,529)	-
Net decrease in shareholders' funds	(71,529)	-
Shareholders' funds at 25 September 2000	100	100
Shareholders' funds at 31 December 2001	(71,429)	100

16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2001 or 24 September 2000.

17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 24 September 2000 .

18 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

19 POST BALANCE SHEET EVENTS

On 3 January 2002 the company acquired 96.91% of the issued share capital of Coolwater (London) Limited.

20 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Chateaud'eau UK Limited, a company registered in England and Wales. The directors consider that the ultimate parent undertaking of this company is Suez SA incorporated in France. The accounts of Suez SA are available to the public.