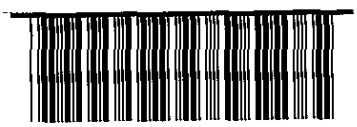
SC119721

Water at Work Limited

Report and Accounts

31 December 1999

ERNST & YOUNG



Registered No. SC119721

DIRECTOR
S E Allen
K D Schickli
R G Kitley

SECRETARY
L J Stordy

BANKERS
The Royal Bank of Scotland
9 Clifton Place
Glasgow
G3 7JU

SOLICITORS
Charles Russell
8-10 New Fetter Lane
London
EC4A 1RS

AUDITORS
Ernst & Young
One Bridewell Street
Bristol
BS1 2AA

REGISTERED OFFICE
George House
George Square
Glasgow
G2 1RR

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,250,000 (1998 £1,315,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was that of supplying spring water cooling systems and spring water. Turnover and profitability significantly increased during the year.

FUTURE DEVELOPMENTS

The directors anticipate reporting further increases in turnover and profitability in the year to 31 December 2000.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1999, neither of whom had any interest in the share capital of the company at any time during the year, were as follows:

S E Allen
K D Schickli

R G Kitley was appointed a director on 25 January 2001.

AUDITORS

A resolution to reappoint Ernst &Young as auditors will be put to the shareholders at the Annual General Meeting.

On behalf of the board

Director

Date 31/01/01

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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REPORT OF THE AUDITORS
to the shareholders of Water at Work Limited

We have audited the accounts on pages 6 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Registered Auditor
Bristol

Date 31/1/01

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	Notes	1999 £000	1998 £000
TURNOVER	2	4,863	3,715
Cost of sales		802	661
GROSS PROFIT		4,061	3,054
Administrative expenses		2,673	1,738
OPERATING PROFIT	3	1,388	1,316
Interest receivable		14	18
Interest payable	5	(7)	(19)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,395	1,315
Taxation	6	145	-
PROFIT FOR THE FINANCIAL YEAR		1,250	1,315

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1999

There are no recognised gains or losses other than the profit of £1,250,000 in the year ended 31 December 1999 (1998 - £1,315,000).

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BALANCE SHEET
at 31 December 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Tangible assets	7	1,284	927
Investments	8	25	25
		1,309	952
CURRENT ASSETS			
Stocks	9	25	35
Debtors	10	3,935	2,381
Cash at bank and in hand		310	294
		4,270	2,710
CREDITORS: amounts falling due within one year	11	1,466	900
NET CURRENT ASSETS		2,804	1,810
TOTAL ASSETS LESS CURRENT LIABILITIES		4,113	2,762
CREDITORS: amounts falling due after more than one year	12	490	389
		3,623	2,373
CAPITAL AND RESERVES			
Called up share capital	14	81	81
Profit and loss account	15	3,542	2,292
EQUITY SHAREHOLDERS' FUNDS		3,623	2,373

- Director

Date 31/01/01

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NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES

Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation
The company itself is a subsidiary undertaking of an EU parent. The company has therefore taken advantages of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts. The company and its subsidiary undertaking are included in the group accounts of Nature Springs Water Company Limited (formerly Sparkling Spring Water UK Limited).

Depreciation
Depreciation of tangible fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows :

Plant and machinery	-	Staight Line over 3,4,7 and 10 years
Motor vehicles	-	Straight Line over 5 or 10 years
Fixtures and fittings	-	Straight Line over 10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Stocks
Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in, first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Leasing and hire purchase commitments
Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the year of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Cash flow statement
The company has taken advantage of the exemption from preparing a cash flow statement conferred by FRS 1 (Revised) on the grounds that it is a wholly owned subsidiary of a parent undertaking which produces publicly available group accounts.

2. TURNOVER
Turnover, which is stated net of value added tax, represents the amount derived from the provision of goods and services which fall within the company's ordinary continuing activities in one market, the United Kingdom.

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NOTES TO THE ACCOUNTS
at 31 December 1999

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1999 £000	1998 £000
Auditors' remuneration	5	5
Depreciation of owned fixed assets	258	193
Depreciation of leased fixed assets	19	38
Loss/(profit) on sale of fixed assets	-	4
Operating lease rentals - land and buildings	39	17
- plant and machinery	78	98

4. STAFF COSTS

	1999 £000	1998 £000
Wages and salaries	1,042	835
Social security costs	100	77
	1,142	912

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

	1999 No.	1998 No.
Sales	17	16
Distribution	30	24
Maintenance	5	3
Production	5	3
Administration	9	8
	66	54

5. INTEREST PAYABLE

	1999 £000	1998 £000
Finance lease and hire purchase contracts	7	7
Other interest payable	-	12
	7	19

6. TAXATION

	1999 £000	1998 £000
UK corporation tax	145	-

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NOTES TO THE ACCOUNTS
at 31 December 1999

7. TANGIBLE FIXED ASSETS

	Motor vehicles £000	*Plant and machinery £000*	*Fixtures and fittings £000*	*Total £000*
Cost:				
At 1 January 1999	256	1,280	39	1,575
Additions	137	493	4	634
At 31 December 1999	393	1,773	43	2,209
Depreciation:				
At 1 January 1999	113	523	12	648
Charge for the year	45	225	7	277
At 31 December 1999	158	748	19	925
Net book value:				
At 31 December 1999	235	1,025	24	1,284
At 1 January 1999	143	757	27	927

The net book amount of fixed assets includes £55,000 (1998 - £71,000) in respect of assets held under finance leases and hire purchase contracts.

Included in fixed assets above are coolers leased on operating leases to third parties at an original cost of £1,160,000 (1998 - £967,000) less accumulated depreciation of £545,000 (1998 - £402,000).

8. INVESTMENTS

	Subsidiary undertaking £000
Cost:	
At 1 January 1999 and at 31 December 1999	25

The company owns the entire ordinary and preference share capital of Natural Water Limited, a company registered in Scotland, whose principal activity is supplying spring water.

9. STOCKS

	1999 £000	*1998 £000*
Finished goods and goods for resale	25	35

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NOTES TO THE ACCOUNTS
at 31 December 1999

10. DEBTORS

	1999 £000	1998 £000
Trade debtors	1,187	799
Amounts owed by group undertakings	2,698	1,527
Other debtors	3	20
Prepayments and accrued income	47	35
	3,935	2,381

11. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	350	245
Amounts owed to group undertakings	488	77
Corporation tax	156	12
Other taxation and social security	126	111
Other creditors	6	105
Accruals and deferred income	319	303
Obligations under finance leases and hire purchase contracts (note 13)	21	47
	1,466	900

12. CREDITORS: amounts falling due after more than one year

	1999 £000	1998 £000
Other creditors	490	368
Obligations under finance leases and hire purchase contracts (note 13)	-	21
	490	389

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1999 £000	1998 £000
Amounts falling due:		
within one year	24	54
within two to five years	-	24
	24	78
Less: finance charges allocated to future years	(3)	(10)
	21	68
Analysed as follows:		
Current obligations	21	47
Non-current obligations	-	21
	21	68

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14. CALLED UP SHARE CAPITAL

	No.000	*1999 £000*	*No.000*	*1998 £000*
Authorised:				
Ordinary shares of £1 each	100	100	100	100
Allotted called up and fully paid:				
Ordinary shares of £1 each	81	81	81	81

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £000	*Profit and loss account £000*	*Total £000*
At 1 January 1998	81	977	1,058
Profit for the period	-	1,315	1,315
At 1 January 1999	81	2,292	2,373
Profit for the year	-	1,250	1,250
At 31 December 1999	81	3,542	3,623

16. OTHER FINANCIAL COMMITMENTS

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		*Other*	
	1999 £000	*1998 £000*	*1999 £000*	*1998 £000*
Operating leases which expire:				
Within one year	-	-	40	17
In two to five years	-	12	22	73
In over five years	-	22	-	-
	-	34	62	90

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are members of Sparkling Spring Water Group Limited group of companies.

18. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party at the balance sheet date is Sparkling Spring Water Group Limited, a company incorporated in Canada. Accounts for this entity are available from 19 Fielding Avenue, Dartmouth, Nova Scotia, Canada, B3B 1C9.

The parent undertakings of the smallest and largest groups of which the company is a member and for which group accounts are prepared are Nature Springs Water Company Limited (formerly Sparkling Spring Water UK Limited) and Sparkling Spring Water Group Limited respectively. Accounts for Nature Springs Water Company Limited are available from its registered office: Unit 5 Alexandra Way, Ashchurch Business Centre, Tewkesbury, Gloucestershire, GL20 8NB.

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