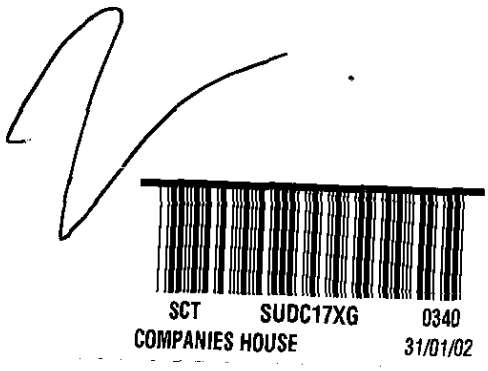
# WATER AT WORK LIMITED

Report and Financial Statements

31 December 2000

119721

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 LLP
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 financial statements for the year ended 31 December 2000.

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,091,000 (1999 - £1,250,000). 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 2001.

## DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2000, none 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

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

## AUDITORS

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

Director

Date 30/01/02

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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; and
- 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 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 financial statements 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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## INDEPENDENT AUDITORS' REPORT
## to the members of Water at Work Limited

We have audited the company's financial statements for the year ended 31 December 2000 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit 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 affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
Bristol

Date 30/1/02

## PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

| | Notes | 2000 £000 | 1999 £000 |
|---|---|---|---|
| **TURNOVER** | 2 | 5,839 | 4,863 |
| Cost of sales | | 1,016 | 802 |
| **GROSS PROFIT** | | 4,823 | 4,061 |
| Administrative expenses | | 3,105 | 2,673 |
| **OPERATING PROFIT** | 3 | 1,718 | 1,388 |
| Interest receivable | | 11 | 14 |
| Interest payable | 5 | (116) | (7) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | 1,613 | 1,395 |
| Taxation | 6 | 522 | 145 |
| **PROFIT FOR THE FINANCIAL YEAR** | 17 | 1,091 | 1,250 |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2000

There are no recognised gains or losses other than the profit of £1,091,000 in the year ended 31 December 2000 (1999 - £1,250,000).

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# BALANCE SHEET
at 31 December 2000

| | Notes | 2000 £000 | 1999 £000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 7 | 3,925 | 1,284 |
| Investments | 8 | 25 | 25 |
| | | 3,950 | 1,309 |
| **CURRENT ASSETS** | | | |
| Stocks | 9 | 50 | 25 |
| Debtors | 10 | 5,808 | 3,935 |
| Cash at bank and in hand | | 1 | 310 |
| | | 5,859 | 4,270 |
| **CREDITORS**: amounts falling due within one year | 11 | 2,718 | 1,466 |
| **NET CURRENT ASSETS** | | 3,141 | 2,804 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 7,091 | 4,113 |
| **CREDITORS**: amounts falling due after more than one year | 12 | 1,736 | 490 |
| **PROVISIONS FOR LIABILITIES AND CHARGES** | 15 | 641 | - |
| | | 4,714 | 3,623 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 16 | 81 | 81 |
| Profit and loss account | 17 | 4,633 | 3,542 |
| **EQUITY SHAREHOLDERS' FUNDS** | | 4,714 | 3,623 |

- Director

Date 30/01/02

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NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2000

## 1. ACCOUNTING POLICIES

***Basis of accounting***
The financial statements 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 financial statements. The company and its subsidiary undertaking are included in the group financial statements of Nature Springs Water Company Limited.

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

| | | |
|---|---|---|
| Freehold land and buildings | - | 40 years |
| Plant and machinery | - | 3 - 10 years |
| Motor vehicles | - | 5 or 10 years |
| Fixtures and fittings | - | 3 years |

***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.

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

***Deferred income***
Deferred income represents cooler lease receipts received in advance. These amounts are recognised as revenue in the year to which the lease relates.

***Customer deposits***
Deposits received on bottles and coolers are classified as current liabilities as they may be required to be repaid within one year.

***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 financial statements.

## 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 FINANCIAL STATEMENTS
at 31 December 2000

## 3. OPERATING PROFIT

This is stated after charging/(crediting):

| | 2000 £000 | 1999 £000 |
|---|---|---|
| Auditors' remuneration | 5 | 5 |
| Depreciation of owned fixed assets | 321 | 258 |
| Depreciation of leased fixed assets | 24 | 19 |
| Operating lease rentals - land and buildings | 56 | 39 |
| - plant and machinery | 45 | 78 |

## 4. STAFF COSTS

| | 2000 £000 | 1999 £000 |
|---|---|---|
| Wages and salaries | 1,268 | 1,042 |
| Social security costs | 107 | 100 |
| | 1,375 | 1,142 |

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

| | 2000 No. | 1999 No. |
|---|---|---|
| Sales | 18 | 17 |
| Distribution | 39 | 30 |
| Maintenance | 6 | 5 |
| Production | 6 | 5 |
| Administration | 10 | 9 |
| | 79 | 66 |

## 5. INTEREST PAYABLE

| | 2000 £000 | 1999 £000 |
|---|---|---|
| Finance lease and hire purchase contracts | 3 | 7 |
| Bank interest | 15 | - |
| Interest due to group undertakings | 98 | - |
| | 116 | 7 |

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## 6. TAXATION

| | *2000* | *1999* |
|---|---|---|
| | *£000* | *£000* |
| UK corporation tax | (119) | 145 |
| Deferred taxation | 641 | - |
| | 522 | 145 |

## 7. TANGIBLE FIXED ASSETS

| | *Freehold Land and buildings* | *Motor vehicles* | *Plant and machinery* | *Fixtures and fittings* | *Total* |
|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* |
| Cost: | | | | | |
| At 1 January 2000 | - | 393 | 1,773 | 43 | 2,209 |
| Additions | 2,458 | 219 | 307 | 2 | 2,986 |
| Transfers | - | - | 6 | (6) | - |
| At 31 December 2000 | 2,458 | 612 | 2,086 | 39 | 5,195 |
| Depreciation: | | | | | |
| At 1 January 2000 | - | 158 | 748 | 19 | 925 |
| Charge for the year | 31 | 67 | 243 | 4 | 345 |
| At 31 December 2000 | 31 | 225 | 991 | 23 | 1,270 |
| Net book value: | | | | | |
| At 31 December 2000 | 2,427 | 387 | 1,095 | 16 | 3,925 |
| At 1 January 2000 | - | 235 | 1,025 | 24 | 1,284 |

The net book amount of fixed assets includes £74,000 (1999 - £98,000) 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 £1,283,000 (1999 - £1,160,000) less accumulated depreciation of £746,000 (1999 - £545,000).

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NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2000

## 8. INVESTMENTS

| | *Subsidiary undertaking £000* |
|---|---|
| Cost: | |
| At 1 January 2000 and at 31 December 2000 | 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

| | *2000 £000* | *1999 £000* |
|---|---|---|
| Finished goods and goods for resale | 50 | 25 |

## 10. DEBTORS

| | *2000 £000* | *1999 £000* |
|---|---|---|
| Trade debtors | 1,188 | 1,187 |
| Amounts owed by group undertakings | 4,288 | 2,698 |
| Other debtors | 151 | 3 |
| Prepayments and accrued income | 181 | 47 |
| | 5,808 | 3,935 |

## 11. CREDITORS: amounts falling due within one year

| | *2000 £000* | *1999 £000* |
|---|---|---|
| Current instalment due on bank loan (note 14) | 105 | - |
| Bank loans and overdraft | 240 | - |
| Trade creditors | 344 | 350 |
| Amounts owed to group undertakings | 1,512 | 488 |
| Corporation tax | 26 | 156 |
| Other taxation and social security | 21 | 126 |
| Other creditors | - | 6 |
| Accruals and deferred income | 470 | 319 |
| Obligations under finance leases and hire purchase contracts (note 13) | - | 21 |
| | 2,718 | 1,466 |

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

| | *2000 £000* | *1999 £000* |
|---|---|---|
| Bank loan (note 14) | 1,237 | - |
| Other creditors | 499 | 490 |
| | 1,736 | 490 |

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## 13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

| | *2000* | *1999* |
|---|---|---|
| | *£000* | *£000* |
| Amounts falling due: | | |
| within one year | - | 24 |
| Less: finance charges allocated to future years | - | (3) |
| | - | 21 |
| Analysed as follows: | | |
| Current obligations | - | 21 |

## 14. LOANS

| | *2000* | *1999* |
|---|---|---|
| | *£000* | *£000* |
| Not wholly repayable within five years: | | |
| £1,350,000 bank loan at 1.5% above basic rate repayable in monthly instalments | 1,342 | - |
| | 1,342 | - |
| Less: included in creditors amounts falling due within one year | 105 | - |
| | 1,237 | - |
| *Amounts repayable:* | | |
| In one year or less, or on demand | 105 | - |
| In more than one year but not more than two years | 124 | - |
| In more than two years but not more than five years | 414 | - |
| | 643 | - |
| In more than five years | 699 | - |
| | 1,342 | - |

The bank loan is secured by a fixed charge over the freehold property and a floating charge on the assets of the company.

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements is as follows:

| | *2000* | *1999* |
|---|---|---|
| | *£000* | *£000* |
| Capital allowances in advance of depreciation | 641 | - |

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## 16. CALLED UP SHARE CAPITAL

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | *No.000* | *£000* | *No.000* | *£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 |

## 17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | *Share capital £000* | *Profit and loss account £000* | *Total £000* |
|---|---|---|---|
| At 1 January 1999 | 81 | 2,292 | 2,373 |
| Profit for the year | - | 1,250 | 1,250 |
| At 1 January 2000 | 81 | 3,542 | 3,623 |
| Profit for the year | - | 1,091 | 1,091 |
| At 31 December 2000 | 81 | 4,633 | 4,714 |

## 18. OTHER FINANCIAL COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

| | *Land and buildings* | | *Other* | |
|---|---|---|---|---|
| | *2000 £000* | *1999 £000* | *2000 £000* | *1999 £000* |
| Operating leases which expire: | | | | |
| Within one year | 10 | - | 4 | 40 |
| In two to five years | 40 | - | - | 22 |
| | 50 | - | 4 | 62 |

## 19. 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.

## 20. 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. Financial statements 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 financial statements are prepared are Nature Springs Water Company Limited and Sparkling Spring Water Group Limited respectively. Financial statements 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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