SC119721

Water at Work Limited

Report and Financial Statements

31 December 2001

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COMPANIES HOUSE 30/01/03

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
George House
50 George Square
Glasgow
G2 1RR

Registered Office
George House
50 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 2001.

Results and dividends

The profit for the year, after taxation, amounted to £661,000 (2000 - £1,091,000). 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.

Future developments

The directors anticipate reporting increases in turnover and profitability in the year to 31 December 2002.

Directors and their interests

The directors at 31 December 2001, 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
R G Kitley

Auditors

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

24 January 2003

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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 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 19. 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.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or

ii) has been expressly authorised to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

ERNST & YOUNG

Independent auditors' report

to the members of Water at Work Limited

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

24 January 2003

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
Turnover	2	6,155	5,839
Cost of sales		769	1,016
Gross profit		5,386	4,823
Administrative expenses		4,050	3,105
Operating profit	3	1,336	1,718
Interest receivable		-	11
Interest payable	5	(291)	(116)
Profit on ordinary activities before taxation		1,045	1,613
Taxation	6	384	522
Profit for the financial year	16	661	1,091

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

There are no recognised gains or losses other than the profit of £661,000 in the year ended 31 December 2001 (2000 - £1,091,000).

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Balance sheet

at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Tangible assets	7	4,602	3,925
Investments	8	25	25
		4,627	3,950
Current assets			
Stocks	9	55	50
Debtors	10	6,187	5,808
Cash at bank and in hand		594	1
		6,836	5,859
Creditors: amounts falling due within one year	11	3,695	2,718
Net current assets		3,141	3,141
Total assets less current liabilities		7,768	7,091
Creditors: *amounts falling due after more than one year*	12	1,607	1,736
Provisions for liabilities and charges	14	786	641
		5,375	4,714
Capital and reserves			
Called up share capital	15	81	81
Profit and loss account	16	5,294	4,633
Equity shareholders' funds		5,375	4,714



- Director

24 January 2003

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Notes to the financial statements

at 31 December 2001

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 2001

3. Operating profit

This is stated after charging:

		2001 *£000*	*2000* *£000*
Auditors' remuneration		5	5
Depreciation of owned fixed assets		490	321
Depreciation of leased fixed assets		25	24
Operating lease rentals	- land and buildings	275	56
	- plant and machinery	21	45

4. Staff costs

	2001 *£000*	*2000* *£000*
Wages and salaries	1,852	1,268
Social security costs	163	107
	2,015	1,375

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

	2001 *No.*	*2000* *No.*
Sales	16	18
Distribution	42	39
Maintenance	18	6
Production	4	6
Administration	18	10
	98	79

5. Interest payable

	2001 *£000*	*2000* *£000*
Finance lease and hire purchase contracts	3	3
Bank interest	93	15
Interest due to group undertakings	195	98
	291	116

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Notes to the financial statements

at 31 December 2001

6. Taxation

	2001 £000	*2000* £000
UK corporation tax - current year	133	(119)
- prior year	106	-
Deferred taxation	145	641
	384	522

7. Tangible fixed assets

	Freehold Land and buildings £000	*Motor vehicles* £000	*Plant and machinery* £000	*Fixtures and fittings* £000	*Total* £000
Cost:					
At 1 January 2001	2,458	612	2,086	39	5,195
Additions	6	275	918	10	1,209
Disposals	-	(47)	-	-	(47)
At 31 December 2001	2,464	840	3,004	49	6,357
Depreciation:					
At 1 January 2001	31	225	991	23	1,270
Charge for the year	62	97	330	26	515
Disposals	-	(30)	-	-	(30)
At 31 December 2001	93	292	1,321	49	1,755
Net book value:					
At 31 December 2001	2,371	548	1,683	-	4,602
At 1 January 2001	2,427	387	1,095	16	3,925

The net book amount of fixed assets includes £49,000 (2000 - £74,000) 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 £1,743,000 (2000 - £1,283,000) less accumulated depreciation of £ 957,000 (2000 - £746,000).

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Notes to the financial statements

at 31 December 2001

8. Investments

	Subsidiary undertaking £000
Cost:	
At 1 January 2001 and at 31 December 2001	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

	2001 £000	*2000 £000*
Finished goods and goods for resale	55	50

10. Debtors

	2001 £000	*2000 £000*
Trade debtors	1,131	1,188
Amounts owed by group undertakings	4,920	4,288
Other debtors	-	151
Prepayments and accrued income	136	181
	6,187	5,808

11. Creditors: amounts falling due within one year

	2001 £000	*2000 £000*
Current instalment due on bank loan (note 14)	124	105
Bank loans and overdraft	-	240
Trade creditors	296	344
Amounts owed to group undertakings	2,575	1,512
Corporation tax	14	26
Other taxation and social security	124	21
Accruals and deferred income	562	470
	3,695	2,718

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

	2001 £000	*2000 £000*
Bank loan (note 13)	1,113	1,237
Other creditors	494	499
	1,607	1,736

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Notes to the financial statements

at 31 December 2001

13. Loans

	2001 £000	*2000* £000
Not wholly repayable within five years:		
£1,350,000 bank loan at 1.5% above basic rate repayable in monthly instalments	1,237	1,342
	1,237	1,342
Less: included in creditors amounts falling due within one year	124	105
	1,113	1,237
Amounts repayable:		
In one year or less, or on demand	124	105
In more than one year but not more than two years	131	124
In more than two years but not more than five years	437	414
	692	643
In more than five years	545	699
	1,237	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.

14. Provisions for liabilities and charges

Deferred taxation provided in the financial statements is as follows:

	2001 £000	*2000* £000
Capital allowances in advance of depreciation	786	641

15. Called up share capital

	2001		*2000*	
	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

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Notes to the financial statements

at 31 December 2001

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Profit and loss account £000*	*Total £000*
At 1 January 2000	81	3,542	3,623
Profit for the year	-	1,091	1,091
At 1 January 2001	81	4,633	4,714
Profit for the year	-	661	661
At 31 December 2001	81	5,294	5,375

17. Other financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		*Other*	
	2001 £000	*2000 £000*	*2001 £000*	*2000 £000*
Operating leases which expire:				
Within one year	-	10	-	4
In two to five years	-	40	-	-
	-	50	-	4

18. 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.

19. 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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