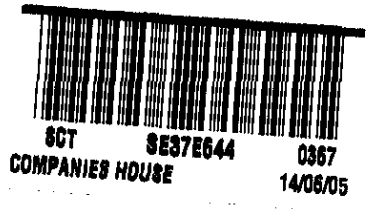
Water at Work Limited

Annual report and financial statements for the year ended 31 December 2003

Registered Number SC119721



Water at Work Limited

Annual report and financial statements for the year ended 31 December 2003

Contents

Directors and advisers for the year ended 31 December 2003 1
Directors' report for the year ended 31 December 2003 2
Independent auditors' report to the members of Water at Work Limited 4
Profit and loss account for the year ended 31 December 2003 5
Balance sheet as at 31 December 2003 6
Accounting policies 7
Notes to the financial statements for the year ended 31 December 2003 9

Water at Work Limited

Directors and advisers for the year ended 31 December 2003

Directors

G Cunia	(appointed 29 January 2004)
A J Y Guttinger	(appointed 29 January 2004)
M Hecker	(appointed 29 January 2004; resigned 24 April 2004)
R G Kitley	(resigned 29 January 2004)
R W Stephens	(appointed 27 January 2003; resigned 29 January 2004)
S E Allen	(resigned 27 January 2003)
D Schickli	(resigned 27 January 2003)

Secretary

B L P Secretaries Limited	(appointed 20 May 2004)
K Harvey	(resigned 20 May 2004)
L J Stordy	(resigned 27 January 2003)

Registered Office
130 St Vincent Street
Glasgow
G2 5HF

Auditors
PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

Solicitors
Semple Fraser
130 St Vincent Street
Glasgow
G2 5HF

Bankers
HSBC
COLCO
8 Canada Square
London
E14 5XL

Directors' report for the year ended 31 December 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Results and dividends
The loss for the year, after taxation, amounted to £580,000 (2002: profit £1,044,000). 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. On 31 March 2003, the trade and net assets of Caledonian Coolers Limited were acquired at market value by the company for a consideration of £3.6 million, satisfied by inter group funding.

On 27 January 2003, Nature Spring Water Company Limited, parent company of Water at Work Limited, was acquired by Groupe Danone, a company registered in France.

On September 2003, the company was acquired by The Danone Springs of Eden DV.

Post Balance Sheet Events
On 31 December 2004, the trade and net assets of the company were acquired by Eden Springs UK Limited (formerly Chateaud'eau UK Limited).

Directors and their interests
The directors of the company throughout the period to 31 December 2003 are listed on page 1. No director had any interest in the share capital of the company at 31 December 2003.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

During the year, Ernst & Young LLP resigned as auditors and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

G Cunia
Director

2nd June 2005

Independent auditors' report to the members of Water at Work Limited

We have audited the financial statements on pages 5 to 21 which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit 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 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 affairs of the company at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
7 June 2005

Water at Work Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003	2002
		£'000	£'000
Turnover - continuing operations		**7,431**	6,966
- acquired operations		**368**	-
Turnover	1	**7,799**	6,966
Cost of sales	2	**(1,186)**	(641)
Gross profit		**6,613**	6,325
Operating expenses – ordinary	2	**(5,717)**	(4,527)
- exceptional	3	**(1,473)**	-
Operating (loss)/profit - continuing operations		**(569)**	1,798
- acquired operations		**(8)**	-
Operating Profit	4	**(577)**	1,798
Interest payable and similar charges	8	**(106)**	(365)
(Loss)/profit on ordinary activities		**(683)**	1,433
Tax on profit on ordinary activities	9	**103**	(389)
(Loss)/profit for the financial period		**(580)**	1,044

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Water at Work Limited

Balance sheet as at 31 December 2003

	Note	2003	2002
		£'000	£'000
Fixed assets			
Intangible assets	10	**3,306**	-
Tangible assets	11	**4,813**	4,537
Investments	12	**25**	25
		8,144	4,562
Current assets			
Stock	13	**107**	87
Debtors	14	**7,866**	6,437
Cash at bank and in hand		**179**	2,758
		8,152	9,282
Creditors - amounts falling due within one year	15	**(8,560)**	(3,133)
Net current (liabilities)/assets		**(408)**	6,149
Total assets less current liabilities		**7,736**	10,711
Creditors - amounts falling due after more than one year	16	**(851)**	(3,507)
Provisions for liabilities and charges	18	**(1,046)**	(785)
Net assets		**5,839**	6,419
Capital and reserves			
Called up share capital	19	**81**	81
Profit and loss account	20	**5,758**	6,338
Equity shareholders' funds	21	**5,839**	6,419

The financial statements on pages 5 to 21 were approved by the board of directors on 2nd June 2005 and were signed on its behalf by:

G Cunia
Director

Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation
The financial statements have been prepared under the historical cost convention. 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.

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 The Danone Springs of Eden BV.

Intangible fixed assets
Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of 10 years, the period over which the Directors consider that the acquired customer base will continue to generate revenue.

Tangible fixed assets
Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold buildings	40 years
Plant, machinery and equipment	3 to 10 years
Motor vehicles	5 or 10 years
Fixtures and fittings	3 years

Leases
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.

Stock
Stocks are valued at the lower of cost and net realisable value. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made, where appropriate, for obsolete, slow moving and defective stocks.

Taxation
Current and deferred taxation is based on the profits for the year including al taxation liabilities accruing to the date of the financial statements. Full provision is made on a non discounted basis for deferred taxation liabilities arising from differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Pensions
The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The scheme is a group personal pension scheme which is administered by trustees in a fund independent from those of the company.

Notes to the financial statements for the year ended 31 December 2003

1 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.

2 Cost of sales and operating expenses

	2003			
	Continuing operations	**Acquired operations**	**Total**	2002
	£'000	**£'000**	**£'000**	£'000
Cost of sales	**1,127**	**59**	**1,186**	641
Net operating expenses:				
Administration	**2,184**	**158**	**2,342**	1,883
Distribution	**3,216**	**159**	**3,375**	2,644
	5,400	**317**	**5,717**	4,527

3 Exceptional operating items

	2003	2002
	£'000	£'000
Reorganisation costs	**1,473**	-

Reorganisation costs totalling £1,473,000, most of which were in relation to consultancy and redundancy costs, were incurred as a result of a restructuring exercise which took place during the financial year.

4 Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- owned assets	**654**	686
- under finance leases	**14**	49
Operating lease charges		
- land and buildings	**72**	24
- plant and machinery	**34**	7
Rental receivable under operating lease	**(1,757)**	(1,569)
Auditors remuneration		
- audit services	**23**	18
Amortisation of goodwill	**269**	-

5 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments of directors	**216**	55
Contributions to defined contribution pension scheme	**6**	6
	222	61

One director made contributions to the group personal defined contribution pension scheme during the current and prior year.

Highest paid director	2003 £'000	2002 £'000
Aggregate emoluments	**138**	55
Contributions to defined contribution pension scheme	**6**	6
	144	61

For directors of the company who are remunerated by other group companies, emoluments are appropriately disclosed within the financial statements of individual companies.

6 Employee costs

	2003	2002
	£'000	£'000
Wages and salaries	**2,565**	2,352
Social security costs	**239**	177
Other pension costs	**67**	-
Staff costs	**2,871**	2,529

7 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	**2003**	2002
Production	**12**	5
Selling and distribution	**64**	63
Maintenance	**31**	14
Administration	**91**	31
	198	113

8 Interest payable and similar charges

	2003	2002
	£'000	£'000
Finance lease and hire purchase contracts	**5**	-
Bank interest	**75**	93
Interest due to group undertakings	**26**	272
	106	365

9 Tax on profit on ordinary activities

	2003	2002
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax at 30% (2002: 31%)	-	508
Deferred tax	(46)	(1)
Prior year adjustment for under/(over) provision	(57)	(118)
	(103)	389

The tax assessed on the profit on ordinary activities is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained blow:

	2003	2002
	£'000	£'000
Profit / (loss) on ordinary activities before tax	(683)	1,433
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(205)	430
Disallowed expenses and non taxable income	95	4
Depreciation in excess of capital allowances	65	45
Other timing differences	-	28
Group relief	45	-
Adjustments in respect of previous periods	(57)	(118)
Current tax charge for the period	(57)	389

The deferred tax included in the balance sheet is as follows:

	2003	2002
	£'000	£'000
Included in provisions for liabilities and charges	739	785
Accelerated capital allowances	821	815
Other timing differences	(82)	(30)
	739	785

10 Intangible assets

	Purchased goodwill
	£'000
Cost	
At 1 January 2003	-
Additions	3,532
Transfer from group company	43
At 31 December 2003	**3,575**
Amortisation	
At 1 January 2003	-
Charge for the year	269
At 31 December 2003	**269**
Net book value	
At 31 December 2003	**3,306**
At 31 December 2002	-

11 Tangible assets

	Freehold land and buildings	Motor vehicles	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2003	2,501	1,014	3,133	324	6,972
Additions	2	120	377	212	711
Disposals	-	(44)	(196)	-	(240)
Transfer from group company	-	96	439	52	587
At 31 December 2003	***2,503***	***1,186***	***3,753***	***588***	***8,030***
Accumulated depreciation					
At 1 January 2003	154	430	1,666	185	2,435
Charge for the year	139	137	303	89	668
Disposals	-	(31)	(111)	-	(142)
Transfer from group company	-	46	183	27	256
At 31 December 2003	**293**	**582**	**2,041**	**301**	**3,217**
Net book value					
At 31 December 2003	**2,210**	**604**	**1,712**	**287**	**4,813**
At 31 December 2002	2,347	584	1,467	139	4,537

Included in fixed assets above are coolers leased on operating leases to third parties at an original cost of £2,198,000 (2002: £1,743,000) less accumulated depreciation of £1,584,000 (2002: £1,196,000).

The net book amount of assets held under finance leases and hire purchase contracts and capitalised in motor vehicles is £30,000 (2002: £ nil) and capitalised in fixtures & fittings is £76,000 (2002: £ nil).

12 Investments

	Subsidiary undertaking £'000
Cost	
At 1 January 2003 and 31 December 2003	25

The company owns 100% ordinary and preference share capital of Natural Water Limited, a company registered in Scotland, whose principal activity is the supplying of spring water but was non-trading during the year. Capital and reserves of Natural Water Limited at 31 December 2003 totalled £617,000.

13 Stocks

	2003 £'000	2002 £'000
Finished goods and goods for resale	**107**	87

14 Debtors

	2003 £'000	2002 £'000
Trade debtors	**1,237**	1,271
Amounts owed by group undertakings	**6,385**	4,990
Other debtors	**147**	-
Prepayments and accrued income	**97**	176
	7,866	6,437

Amounts owed by and to group undertakings are repayable on demand and bear no interest.

15 Creditors – Amounts falling due within one year

	2003	2002
	£'000	£'000
Bank loan (note 17)	**145**	131
Trade creditors	**683**	439
Amounts due to group undertakings	**5,980**	618
Finance leases (note 17)	**76**	-
Corporation tax	**-**	476
Taxation and social security	**178**	163
Other creditors	**6**	-
Accruals and deferred income	**1,492**	1,306
	8,560	3,133

16 Creditors – Amounts falling due after more than one year

	2003	2002
	£'000	£'000
Bank loan (note 17)	**830**	979
Finance leases (note 17)	**21**	-
Other creditors	**-**	2,528
	851	3,507

17 Loans and other borrowings

	2003	2002
	£'000	£'000
Bank loan	**975**	1,110
Finance leases	**97**	-
	1,072	1,110
Maturity of debt		
In one year or less, or on demand	**221**	131
In more than one year, but not more than two years	**152**	145
In more than two years, but not more than five years	**510**	437
In more than five years	**189**	397
	1,072	1,110

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

Finance leases

Future minimum payments under finance leases are as follows:	2003	2002
	£'000	£'000
Within one year	**78**	-
In more than one year, but not more than five years	**24**	-
Total gross payments	**102**	-
Less finance charges included above	**(5)**	-
	97	-

18 Provisions for liabilities and charges

	Deferred tax	Integration provision	Total
	£'000	£'000	£'000
At 1 January 2003	785	-	785
Charged to the profit and loss account	(46)	307	261
At 31 December 2003	**739**	**307**	**1,046**

Integration provision
The integration provision was established to cover the costs of integrating the company into the operations of the parent company. The integration process involved the rationalisation of routes, re-labelling products, introduction of shared services and new technology.

19 Called up share capital

	2003	2002
	£'000	£'000
Authorised		
100,000 ordinary shares of £1 each	**100**	100
Allotted and fully paid		
81,000 ordinary shares of £1 each	**81**	81

20 Reserves

	Profit and loss account
	£'000
At 1 January 2003	6,338
Retained loss for the financial period	(580)
At 31 December 2003	**5,758**

21 Reconciliation of movements in shareholders' funds

	2003	2002
	£'000	£'000
Opening shareholders' funds	**6,419**	5,375
Retained (loss)/profit for the financial year	**(580)**	1,044
Closing shareholders' funds	**5,839**	6,419

22 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

	2003	2002
	£'000	£'000
Within one year	**201**	-
Within two to five years	**668**	-
After five years	**-**	-
	869	-

23 Related party disclosures

In accordance with the provisions of Financial Reporting Standard 8, "Related Party Disclosures", the company, being a wholly owned subsidiary undertaking, has taken advantage of the exemption from disclosing related party transactions with group companies.

24 Capital commitments

The company has no capital commitments at 31 December 2003 or 31 December 2002.

25 Contingent liabilities

In the opinion of the directors, the company has no material contingent liabilities at 31 December 2003.

26 Pension commitments

The company operates a defined contribution pension scheme. Contributions charged to the profit and loss account in the year totalled £67,000 (2003 - £nil). The scheme is a group personal pension scheme which is administered by trustees in a fund independent from those of the company.

27 Acquisitions

On 31 March 2003 the company acquired the trade and net assets of Caledonian Coolers Limited for a consideration of £3.6 million, satisfied by inter group funding.

Caledonian Coolers Limited acquisition	**Net book value**
	£'000
Intangible assets	43
Tangible fixed assets	331
Debtors	192
Creditors	(516)
Cash	40
Net assets acquired	**90**
Goodwill	3,532
Consideration	**3,622**
Consideration satisfied by:	
Inter group funding	3,622

The net book value of the assets and liabilities have been taken from the management accounts of Caledonian Coolers Limited at 31 March 2003 (the date of acquisition).

In its last financial year to 31 December 2002, Caledonian Coolers Limited made a loss after tax of £79,000. From the period from 1 January 2003 to 30 March 2003 (the date of acquisition), the management accounts of Caledonian Coolers Limited show:

	£ 000
Turnover	**209**
Operating Profit	**180**
Profit before taxation	**62**
Taxation	**(3)**
Total recognised gains for the period	**57**

From the date of acquisition to 31 December 2003, the acquisition contributed £368,000 to turnover and a loss of £8,208 to profit before tax.

28 Post balance sheet events

On 31 December 2004, the trade and net assets of the company were acquired by Eden Springs UK Limited (formerly Chateaud'eau UK Limited).

29 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is The Danone Springs of Eden BV, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of The Danone Springs of Eden BV consolidated financial statements can be obtained from its registered office at Frederik Roeskestraat 123, 1076EE, Amsterdam.