Water at Work Limited

Annual report and financial statements for the year ended 31 December 2004

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Water at Work Limited

Annual report and financial statements for the year ended 31 December 2004

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Water at Work Limited

Directors and advisers for the year ended 31 December 2004

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	(resigned 29 January 2004)

Secretary

B L P Secretaries Limited	(appointed 20 May 2004)
K Harvey	(resigned 20 May 2004)

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

Water at Work Limited

Directors' report for the year ended 31 December 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends
The profit for the year, after taxation, amounted to £9,241,000 (2003: loss £580,000). 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. The company ceased trading on 31 December 2004 and on this date its trade and net assets were acquired by Eden Springs UK Limited, a group company, at market value for a consideration of £15 million, satisfied by intra group funding.

Directors and their interests
The directors of the company throughout the period to 31 December 2004 are listed on page 1. No director had any interest in the share capital of the company at 31 December 2004.

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 2004 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
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

30 June 2006

Water at Work Limited

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes. 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 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
30 June 2006

Water at Work Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004	2003
		£'000	£'000
Turnover	1	**7,639**	7,799
Cost of sales		**(1,192)**	(1,186)
Gross profit		**6,447**	6,613
Operating expenses - ordinary		**(6,702)**	(5,717)
- exceptional	2	**(902)**	(1,473)
Operating loss	3	**(1,157)**	(577)
Profit on transfer of assets and liabilities	7	**10,363**	-
Interest payable and similar charges	8	**(143)**	(106)
Profit/(loss) on ordinary activities before taxation		**9,063**	(683)
Tax on profit on ordinary activities	9	**178**	103
Profit/(loss) for the financial year		**9,241**	(580)

All items dealt with in arriving at operating profit above relate to discontinued operations.

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 2004

	Note	2004	2003
		£'000	£'000
Fixed assets			
Intangible assets	10	-	3,306
Tangible assets	11	-	4,813
Investments	12	-	25
		-	8,144
Current assets			
Stock	13	-	107
Debtors	14	**15,080**	7,866
Cash at bank and in hand		-	179
		15,080	8,152
Creditors - amounts falling due within one year	15	-	(8,560)
Net current assets/(liabilities)		**15,080**	(408)
Total assets less current liabilities		**15,080**	7,736
Creditors - amounts falling due after more than one year	16	-	(851)
Provisions for liabilities and charges	18	-	(1,046)
Net assets		**15,080**	5,839
Capital and reserves			
Called up share capital	19	**81**	81
Profit and loss account	20	**14,999**	5,758
Equity shareholders' funds	21	**15,080**	5,839

The financial statements on pages 4 to 19 were approved by the board of directors on 30 June 2006 and were signed on its behalf by:

G Cunia
Director

Water at Work Limited

Accounting policies

Basis of preparation
The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

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.

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 all 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 2004

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 Exceptional operating expenses

	2004	2003
	£'000	£'000
Reorganisation costs	**902**	1,473

The reorganisation costs were incurred as a result of a restructuring exercise which has been ongoing since the prior year and mainly relate to consultancy and redundancy costs. Applicable to the exceptional charge is a tax credit of £271,000.

3 Operating loss

	2004	2003
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets	**357**	269
Depreciation of tangible fixed assets		
- owned assets	**848**	654
- under finance leases	**-**	14
Gain on disposal of fixed assets	**4**	-
Operating lease charges		
- other	**102**	72
- plant and machinery	**117**	34
Rental receivable under operating leases	**(1,636)**	(1,757)
Auditors' remuneration		
- audit services	**116**	23

The audit service charge includes audit services for other group undertakings.

4 Directors' emoluments

	2004	2003
	£'000	£'000
Aggregate emoluments of directors	**19**	216
Contributions to defined contribution pension scheme	**2**	6
	21	222

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

Highest paid director	**2004**	2003
	£'000	£'000
Aggregate emoluments	**13**	138
Contributions to defined contribution pension scheme	**2**	6
	15	144

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

5 Employee costs

	2004	2003
	£'000	£'000
Wages and salaries	**3,238**	2,565
Social security costs	**280**	239
Other pension costs	**120**	67
Staff costs	**3,638**	2,871

6 Employee information

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

By activity	2004	2003
Production	-	12
Selling and distribution	129	64
Maintenance	-	31
Administration	43	91
	172	198

7 Exceptional items

	2004	2003
	£'000	£'000
Profit on transfer of assets and liabilities	10,363	-

At 31 December 2004, a restructuring exercise took place which resulted in the trade and net assets of Water at Work Limited being transferred at market value to Eden Springs UK Limited, another group company. The profit on transfer of such assets and liabilities was £10.4 million.

8 Interest payable and similar charges

	2004	2003
	£'000	£'000
Finance lease and hire purchase contracts	-	5
Bank interest	55	75
Interest due to group undertakings	-	26
Other interest	88	-
	143	106

9 Tax on profit on ordinary activities

Water at Work Limited

	2004	2003
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax at 30% (2003: 30%)	-	-
Deferred tax	(178)	(46)
Prior year adjustment for under/(over) provision	-	(57)
	(178)	(103)

The tax assessed on the profit on ordinary activities is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004	2003
	£'000	£'000
Profit / (loss) on ordinary activities before tax	9,063	(683)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	2,719	(205)
Disallowed expenses and non taxable income	118	95
Depreciation in excess of capital allowances	158	65
Accounting profit not taxable	(3,109)	-
Group relief	114	45
Adjustments in respect of previous periods	-	(57)
Current tax charge for the year	-	(57)

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

	2004	2003
	£'000	£'000
Included in provisions for liabilities and charges	-	739
Accelerated capital allowances	-	821
Other timing differences	-	(82)
	-	739

10 Intangible assets

	Purchased goodwill
	£'000
Cost	
At 1 January 2004	3,575
Transfer to group company	(3,575)
At 31 December 2004	**-**
Amortisation	
At 1 January 2004	269
Charge for the year	357
Transfer to group company	(626)
At 31 December 2004	**-**
Net book value	
At 31 December 2004	**-**
At 31 December 2003	3,306

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 2004	2,503	1,186	3,753	588	8,030
Additions	-	46	394	125	565
Disposals	-	(150)	-	-	(150)
Transfer to group company	(2,503)	(1,082)	(4,147)	(713)	(8,445)
At 31 December 2004	-	-	-	-	-
Accumulated depreciation					
At 1 January 2004	293	582	2,041	301	3,217
Charge for the year	139	89	569	51	848
Disposals	-	(146)	-	-	(146)
Transfer to group company	(432)	(525)	(2,610)	(352)	(3,919)
At 31 December 2004	-	-	-	-	-
Net book value					
At 31 December 2004	-	-	-	-	-
At 31 December 2003	2,210	604	1,712	287	4,813

Included in fixed assets above are coolers leased on operating leases to third parties at an original cost of £nil (2003: £2,198,000) less accumulated depreciation of £nil (2003: £1,584,000).

The net book amount of assets held under finance leases and hire purchase contracts and capitalised in motor vehicles is £nil (2003: £30,000) and capitalised in fixtures and fittings is £nil (2003: £76,000).

12 Investments

	Subsidiary undertaking £'000
Cost	
At 1 January 2004	25
Transfer to group company	(25)
At 31 December 2004	-

13 Stocks

	2004 £'000	2003 £'000
Finished goods and goods for resale	-	107

14 Debtors

	2004 £'000	2003 £'000
Trade debtors	-	1,237
Amounts owed by group undertakings	15,080	6,385
Other debtors	-	147
Prepayments and accrued income	-	97
	15,080	7,866

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

15 Creditors – Amounts falling due within one year

	2004	2003
	£'000	£'000
Bank loan (note 17)	-	145
Trade creditors	-	683
Amounts due to group undertakings	-	5,980
Finance leases (note 17)	-	76
Corporation tax	-	-
Taxation and social security	-	178
Other creditors	-	6
Accruals and deferred income	-	1,492
	-	8,560

On the 31 December 2004, the trade and assets of the company were transferred to Eden Springs UK Limited at which point the security over the bank loan was also assigned to Eden Springs UK Limited.

16 Creditors – Amounts falling due after more than one year

	2004	2003
	£'000	£'000
Bank loan (note 17)	-	830
Finance leases (note 17)	-	21
	-	851

17 Loans and other borrowings

	2004	2003
	£'000	£'000
Bank loan	-	975
Finance leases	-	97
	-	1,072
Maturity of debt		
In one year or less, or on demand	-	221
In more than one year, but not more than two years	-	152
In more than two years, but not more than five years	-	510
In more than five years	-	189
	-	1,072

Finance leases

Future minimum payments under finance leases are as follows:	**2004**	2003
	£'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 2004	739	307	1,046
(Credit)/charge to the profit and loss account	(178)	1,288	1,110
Utilised during the year	-	(785)	(785)
Transfer to other group company	(561)	(810)	(1,371)
At 31 December 2004	**-**	**-**	**-**

19 Called up share capital

	2004	2003
	£'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 2004	5,758
Retained profit for the financial year	9,241
At 31 December 2004	**14,999**

21 Reconciliation of movements in shareholders' funds

	2004	2003
	£'000	£'000
Opening shareholders' funds	**5,839**	6,419
Retained profit/(loss) for the financial year	**9,241**	(580)
Closing shareholders' funds	**15,080**	5,839

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:

	2004	2003
	£'000	£'000
Within one year	-	201
Within two to five years	-	668
	-	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 2004 or 31 December 2003.

25 Contingent liabilities

In the opinion of the directors, the company has no material contingent liabilities at 31 December 2004 or 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 £120,000 (2003: £67,000). The scheme is a group personal pension scheme which is administered by trustees in a fund independent from those of the company.

27 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.