

Culligan International (UK) Limited

Directors' Report and Financial Statements

31 December 2006

Registered number 1386074



Culligan International (UK) Limited
Company information

Registered office	Culligan House The Gateway Centre Coronation Road High Wycombe Buckinghamshire HP12 3SU
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Directors	Mr WJ Wilkinson Mr JN Wicks Mr ST Sperring Mr BC Airey Mr C Olivier
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Company Secretary	Mr JN Wicks
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Bankers	HSBC Bank plc 17 Church Street Sheffield S1 1HH
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Auditors	KPMG LLP Aquis Court 31 Fishpool Street St Albans AL3 4RF
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Directors' report

For the year ended 31 December 2006

The directors present their annual report and audited financial statements for the year ended 31 December 2006

Principal activities and business review

The principal activities of the company are the sale and distribution of water treatment products and the sale and distribution of bottled water equipment from a number of branches in the UK

In 2006 the company focused on maintaining the revenue whilst driving efficiency and margin growth throughout the business. As shown in the profit and loss account (page 6), the revenue growth of 1.7% over 2005 was acceptable following the 2.5% decline in the previous year and the operating profit growth of 28% in 2006 was a good result and maintained the growth that was seen in the previous year.

The Company's balance sheet (page 8 and notes 12 and 13) shows excellent reductions in stocks (down £331,000) and trade debtors (down £302,000), this being the result of the Company's concentration on trade working capital reduction. Overall the balance sheet shows a positive improvement in the financial position of the Company.

Investment in and disposal of fixed assets is set out in note 10 and there are no unusual transactions contained within this.

The Directors believe that there are no major risks or uncertainties for the Company's future prospects. There are minor concerns over the performance in a maturing market of the bottled water business, but these are offset by the opportunities in the commercial water treatment market.

The company is cash generative and has no liquidity problems.

The profit before tax for the year ended 31 December 2006 was £3,532,000 (2005 £2,684,000). Interim dividends of £1,968,000 were paid in the year (2005 £2,193,000). The directors do not recommend payment of a final dividend (2005 £nil).

The retained profit transferred to reserves for the year ended 31 December 2006 was £1,089,000 (2005 loss £275,000).

Employee involvement

The company attaches considerable importance to keeping its employees informed on matters regarding the performance and prospects of the business and is committed to a policy of involvement for all members of staff. Employees are encouraged to present their suggestions and views. Employee numbers are shown in note 5.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Directors' report (continued)

Where existing employees become disabled, it is company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

Charitable donations

Charitable donations in the year amounted to £900 (2005 £121) None of these were to political organizations (2005 £nil)

Directors and their interests

The directors who held office during the year were as follows

W J Wilkinson
J N Wicks
S T Sperring
B C Airey (resigned 12 January 2006)
C Olivier

Those directors serving at the end of the year held no share capital, or options to acquire shares, in this company at any time during the year or in any other group companies requiring disclosure under the Companies Act 1985

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The company has adopted an elective regime and has dispensed with the requirement under s386 of the Companies Act 1985 to appoint auditors annually KPMG LLP are deemed to be reappointed

Culligan House
The Gateway Centre
Coronation Road
High Wycombe
Bucks
HP12 3SU

By order of the Board



JN Wicks
Secretary
24 April 2007

Statement of Directors responsibilities in respect of the of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of Culligan International (UK) Limited

We have audited the financial statements of Culligan International (UK) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Culligan International (UK) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

WPMG LLP

21/5/07

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account
For the year ended 31 December 2006

	Notes	31 December 2006	31 December 2005
		£000	£000
Turnover	2	21,725	21,370
Cost of sales		<u>(9,638)</u>	<u>(9,677)</u>
Gross profit		12,087	11,693
Distribution costs		(4,176)	(4,416)
Administrative costs		<u>(4,577)</u>	<u>(4,672)</u>
Operating profit and profit on ordinary activities before interest and taxation	3	3,334	2,605
Interest receivable	6	204	235
Interest payable and similar charges	7	<u>(6)</u>	<u>(156)</u>
Profit on ordinary activities before taxation		3,532	2,684
Taxation on profit on ordinary activities	8	<u>(475)</u>	<u>(766)</u>
Profit for the financial year		<u>3,057</u>	<u>1,918</u>

The accompanying notes are an integral part of this profit and loss account

Statement of total recognised gains and losses

For the year ended 31 December 2006

	31 December 2006 £000	31 December 2005 £000
Profit for the financial year	3,057	1,918
(Loss)/gain on foreign currency translation of branch	<u>(82)</u>	<u>107</u>
Total recognised gains and losses since last annual report and financial statements	<u>2,975</u>	<u>2,025</u>

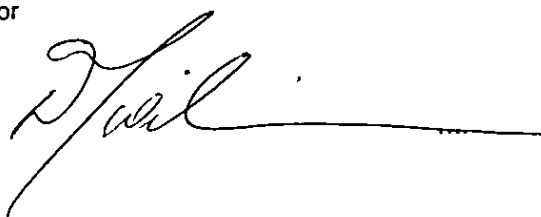
The accompanying notes are an integral part of this statement of total recognised gains and losses

Balance sheet
31 December 2006

	Notes	31 December 2006 £000	31 December 2005 £000
Fixed assets			
Intangible assets	9	1,469	1,599
Tangible assets	10	2,816	2,948
Investments	11	20,211	20,211
		<u>24,496</u>	<u>24,758</u>
Current assets			
Stocks	12	1,675	2,006
Debtors			
- within one year	13	5,816	6,381
- after one year	13	4,743	2,246
Cash at bank and in hand		3,311	4,021
		<u>15,545</u>	<u>14,654</u>
Creditors, amounts falling due within one year	14	<u>(4,476)</u>	<u>(13,127)</u>
Net current assets		<u>11,069</u>	<u>1,527</u>
Total assets less current liabilities		35,565	26,285
Creditors: amounts falling due after more than one year	15	(14,286)	(5,981)
Provision for liabilities	16	<u>(227)</u>	<u>(259)</u>
Net assets		<u>21,052</u>	<u>20,045</u>
Capital and reserves			
Called-up share capital	17	68	68
Share premium account	18	11,146	11,146
Profit and loss account	18	9,838	8,831
Equity shareholder's funds	19	<u>21,052</u>	<u>20,045</u>

These financial statements were approved by the board of directors on 24 April 2007 and were signed on its behalf by

WJ Wilkinson
Director



Balance sheet
31 December 2006

The accompanying notes are an integral part of this balance sheet

Notes to the financial statements

1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered to be material to the company's financial statements

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

The company has taken advantage of the exemption in FRS 1 "Cash flow statements" and has not produced a cash flow statement as it is a wholly owned subsidiary undertaking of Culligan Finance Corporation BV, whose consolidated financial statements include a consolidated cash flow statement and are publicly available

Under section 228 of the Companies Act 1985, the company is exempt from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of Culligan Finance Corporation BV which prepares consolidated financial statements which are publicly available. These financial statements present information about the company as an individual undertaking and not about the group

b) Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold land	-	not depreciated
Freehold buildings	-	25 – 40 years
Leasehold improvements	-	over life of lease
Motor vehicles	-	4 years
Fixtures, fittings, tools and equipment	-	3 – 10 years
Bottles	-	5 years

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

c) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on transaction are included in the profit and loss account

Notes to the financial statements (continued)

1 Accounting policies (continued)

d) Leases

Tangible fixed assets include assets operated by the company under finance leases where the company has substantially all the risks and rewards of ownership of the assets. Correspondingly, creditors shown in the balance sheet include the commitment for the capital element of future lease payments. The finance element of lease payments is charged to the profit and loss account over the term of the lease contract.

All other leases are treated as operating leases and payments are charged to the profit and loss account on a straight line basis over the life of the lease, even if the payments are not made on such a basis.

e) Pension costs

The company has no ongoing funding liability towards the defined benefit scheme (see note 21). Therefore no asset or liability is recognised in the balance sheet and costs charged to the profit and loss account reflect contributions paid into the scheme only. Company contributions to the defined benefit scheme ceased on 1 October 2004. The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.

f) Stocks

Stocks are stated at the lower of cost, on a weighted average basis, and net realisable value. Cost includes freight and duty where applicable. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements (continued)

1 Accounting policies (continued)

h) Intangible assets - goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight basis over its useful economic life, which is estimated to be twenty years. It is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

i) Investments

Fixed asset investments are shown at cost less provision for impairment. The directors reassess the need for further provisions for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

k) Warranty costs

The company provides for the cost of rectification or replacement of parts on defective water purification equipment on a three year 'fit for purpose' basis. Associated labour costs are not provided for as the directors consider these to be fixed.

Notes to the financial statements

2 Turnover

Turnover is stated net of trade discounts, Value Added Tax and other taxes. The turnover for the year is attributable to two activities, the sale and distribution of bottled water and water purification equipment. Turnover is recognised on delivery of bottled water and water purification equipment. Revenue from the rental of water coolers, is recognised over the term of the agreement. Analysis of turnover by geographical market for these two activities is as follows:

Continuing operations	31 December 2006 £000	31 December 2005 (Restated) £000
a) Bottled water		
United Kingdom	8,125	8,224
b) Water purification equipment		
United Kingdom	13,112	12,657
Other European Union	224	281
Rest of World	264	208
	<u>13,600</u>	<u>13,146</u>
Total turnover	<u>21,725</u>	<u>21,370</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	31 December 2006 £000	31 December 2005 £000
Auditors' remuneration – statutory UK audit (own)	52	50
Auditors' remuneration – group reporting	32	30
Other amounts paid to auditor	13	13
Depreciation of owned tangible fixed assets	645	1,327
Amortisation of goodwill	130	130
Loss on disposal of fixed assets	71	18
Operating lease rentals and hire charges		
- property	559	627
- equipment	743	773
Exceptional item – Loan from subsidiary undertaking written off	-	(913)

Notes to the financial statements (continued)

4 Directors' emoluments

	31 December 2006 £000	31 December 2005 £000
Directors' emoluments	357	392
Contributions to defined contribution pension scheme	19	19
	<u>376</u>	<u>411</u>

The number of directors to whom retirement benefits are accruing under personal pension plans to which the company has contributed is 4 (31 December 2005 4) and defined benefit pension schemes is 4 (31 December 2005 4)

Highest paid director

The above amounts for directors' emoluments include the following in respect of the highest paid director

	31 December 2006 £000	31 December 2005 £000
Emoluments	128	132
Contributions to defined contribution pension scheme	7	8
	<u>135</u>	<u>140</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2006 was £nil (31 December 2005 £10,000)

Notes to the financial statements (continued)

5 Staff numbers and costs

The average monthly number of employees (including directors) during the year was

	Number of employees	
	31 December 2006	31 December 2005
Production	39	36
Sales and service	137	149
Administration	60	71
	<u>236</u>	<u>256</u>

Their aggregate remuneration was

	31 December 2006 £000	31 December 2005 £000
Wages and salaries	5,133	5,303
Social security costs	501	561
Other pension costs (note 21)	169	166
	<u>5,803</u>	<u>6,030</u>

6 Interest receivable

	31 December 2006 £000	31 December 2005 £000
Bank interest	106	215
Group undertakings	98	20
	<u>204</u>	<u>235</u>

7 Interest payable and similar charges

	31 December 2006 £000	31 December 2005 £000
Bank loans and overdrafts	6	156

Notes to the financial statements (continued)

8 Tax on profit on ordinary activities

	31 December 2006 £000	31 December 2005 £000
UK Corporation tax at 30% (2005 – 30%)	(764)	(558)
Adjustment in respect of prior year UK Corporation tax	515	(19)
Current tax	<u>(249)</u>	<u>(577)</u>
Deferred tax		
Accelerated capital allowances	(125)	31
Other timing differences	(101)	(116)
Adjustment in respect of prior years	-	(104)
Total deferred tax	<u>(226)</u>	<u>(189)</u>
Tax on profit on ordinary activities	<u>(475)</u>	<u>(766)</u>

The tax assessed on the profit on ordinary activities for the year is lower (2005 lower) than the standard rate of corporation tax. The differences are reconciled below.

	2006 £000	2005 £000
Profit on ordinary activities before taxation	<u>3,532</u>	<u>2,684</u>
Tax on profit on ordinary activities multiplied by the standard rate (30%)	1,060	805
Expenses not deductible for tax purposes	(70)	(162)
Depreciation in excess of capital allowances	(125)	31
Other timing differences	(101)	(116)
Adjustments in respect of previous periods	(515)	19
Current tax charge	<u>249</u>	<u>577</u>

Notes to the financial statements (continued)

9 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January and 31 December 2006	2,349
Amortisation	
At 1 January 2006	750
Charge for the year	130
At 31 December 2006	880
Net book value	
At 31 December 2006	1,469
At 31 December 2005	1,599

10 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold improvements £000	Motor vehicles £000	Bottles £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost						
At 1 January 2006	1,625	529	221	671	5,355	8,401
Additions	4	22	-	135	442	603
Disposals	-	(50)	(111)	(49)	(1,228)	(1,438)
At 31 December 2006	1,629	501	110	757	4,569	7,566
Depreciation						
At 1 January 2006	265	267	191	449	4,281	5,453
Charge for period	43	43	13	51	495	645
Disposals	-	(35)	(108)	(31)	(1,174)	(1,348)
Other adjustment	-	-	(13)	-	13	-
At 31 December 2006	308	275	83	469	3,615	4,750
Net book value						
At 31 December 2006	1,321	226	27	288	954	2,816
At 31 December 2005	1,360	262	30	222	1,074	2,948

The other adjustments relate to corrections to balances that had been incorrectly categorised in prior periods. These adjustments have no impact upon the profit in the current year or preceding periods.

Notes to the financial statements (continued)

11 Fixed asset investments

	31 December 2006 £000	31 December 2005 £000
Subsidiary undertakings	19,741	19,741
Other investments and loans	470	470
	<u>20,211</u>	<u>20,211</u>

The company has investments in the following subsidiary undertakings

Subsidiary undertaking	Country of incorporation	Principal activity	Class of shares	Percentage of shares held
Waterside Plc	England and Wales	Non-trading	Ordinary	100%
Aqua-Dial Limited*	England and Wales	Non-trading	Ordinary	100%
Orderclear Limited	England and Wales	Holding company of Aqua-Dial Limited	Ordinary	100%
M&E Water Limited	England and Wales	Non-trading	Ordinary	100%
Culligan London Limited	England and Wales	Non-trading	Ordinary	100%
Culligan Anglia Limited	England and Wales	Non-trading	Ordinary	100%
Watercool Limited**	England and Wales	Non-trading	Ordinary	100%
Liff Holdings Limited	England and Wales	Non-trading	Ordinary	100%
Bayhall (U K) Limited***	England and Wales	Non-trading	Ordinary	100%
Liff Industries Limited	England and Wales	Non-trading	Ordinary	100%
Liff Industries (Southern) Limited***	England and Wales	Non-trading	Ordinary	100%
Liff Manufacturing Limited***	England and Wales	Non-trading	Ordinary	100%
The Classic Water Company Limited	England and Wales	Non-trading	Ordinary	100%

*Indirect holding via Orderclear Limited

** Indirect holding via Culligan London Limited

*** Indirect holding via Liff Holdings Limited

	Shares in group undertakings £000	Other investments other than loans £000	Total £000
Cost			
At 1 January 2006 and 31 December 2006	<u>25,163</u>	<u>2,424</u>	<u>27,587</u>
Amounts written off			
At 1 January 2006 and 31 December 2006	<u>5,422</u>	<u>1,954</u>	<u>7,376</u>
Net book value			
At 1 January 2006 and 31 December 2006	<u>19,741</u>	<u>470</u>	<u>20,211</u>

Notes to the financial statements (continued)

12 Stocks

	31 December 2006 £000	31 December 2005 £000
Finished goods and goods for resale	<u>1,675</u>	<u>2,006</u>

13 Debtors

	31 December 2006 £000	31 December 2005 £000
<i>Amounts falling due within one year</i>		
Trade debtors	3,128	3,430
Amounts owed by group undertakings	1,946	2,412
Other debtors	86	160
Corporation tax recoverable	356	-
Prepayments and accrued income	<u>300</u>	<u>379</u>
	<u>5,816</u>	<u>6,381</u>
<i>Amounts falling due after one year</i>		
Amounts owed by group undertakings	4,125	1,402
Deferred taxation (see note 16)	<u>618</u>	<u>844</u>
	<u>4,743</u>	<u>2,246</u>

Within amounts receivable from group undertakings is a loan receivable from a related company. This loan bears interest at a rate of 8.375% compoundable bi-annually. The amount of principal receivable was £2,722,000 (2005 £Nil) and accrued interest (within amounts receivable within one year) was £58,000 (2005 £Nil).

Notes to the financial statements (continued)

14 Creditors: amounts falling due within one year

	31 December 2006 £000	31 December 2005 £000
Trade creditors	1,590	1,872
Amounts owed to group undertakings	54	8,401
Other creditors		
- other taxes and social security	381	509
- other creditors	7	7
Corporation tax	-	277
Accruals and deferred income	2,444	2,061
	<u>4,476</u>	<u>13,127</u>

During 2006, balances payable to group undertakings within one year, amounting to £8,305,000, were re-classified to amounts payable in more than one year

15 Creditors amounts falling due after more than one year

	31 December 2006 £000	31 December 2005 £000
Amounts payable to group undertakings	<u>14,286</u>	<u>5,981</u>

Amounts owed to group undertakings have no fixed repayment date and are non-interest bearing

16 Provision for liabilities

	Deferred taxation £000	Warranty provision £000
Asset/(liability) at 1 January 2006	844	(259)
Credit/(charge) to profit and loss for the year	<u>(226)</u>	<u>32</u>
Asset/(liability) at 31 December 2006	<u>618</u>	<u>(227)</u>

Notes to the financial statements (continued)

16 Provision for liabilities (continued)

The elements of deferred tax are as follows

	31 December 2006 £000	31 December 2005 £000
Timing differences between accumulated depreciation and capital allowances	425	550
Other timing differences	193	294
Asset/(liability) at 31 December 2006	<u>618</u>	<u>844</u>

17 Called-up share capital

	31 December 2006 £	31 December 2005 £
<i>Authorised</i>		
Equity 200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
<i>Allotted, called-up and fully paid</i>		
Equity 68,184 ordinary shares of £1 each	<u>68,184</u>	<u>68,184</u>

18 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2006	11,146	8,831
Profit for the year	-	3,057
Other recognised losses relating to currency translation of branch	-	(82)
	<u>11,146</u>	<u>11,806</u>
Dividend paid	-	(1,968)
At 31 December 2006	<u>11,146</u>	<u>9,838</u>

Notes to the financial statements (continued)

19 Reconciliation of movements in shareholder's funds

	31 December 2006 £000	31 December 2005 £000
Profit for the year	3,057	1,918
Other recognised (losses)/gains relating to currency translation	(82)	107
Dividend paid	(1,968)	(2,193)
Net addition/(deduction) to shareholder's funds	1,007	(168)
Opening shareholder's funds	20,045	20,213
Closing shareholder's funds	21,052	20,045

20 Commitments

a) There were no capital commitments at the end of the financial year (2005 £Nil)

b) Annual commitments under non-cancellable operating leases are as follows

	31 December 2006		31 December 2005	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
- within one year	46	87	8	166
- between two and five years	142	345	120	563
- over five years	330	-	439	-
	<u>518</u>	<u>432</u>	<u>567</u>	<u>729</u>

21 Pension scheme

Culligan UK Pension Plan – Defined contribution

Company contributions to this scheme were £169,000 (2005 £166,000) The company had accrued £23,000 in respect of company and employee contributions to be paid into the scheme at the financial year end (2005 Restated £21,000)

22 Related party transactions

The company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" not to disclose transactions or balances with entities which form part of the group as at 31 December 2006 (or investees of the group qualifying as related parties) because it is a wholly owned subsidiary and its results are included within consolidated financial statements which are available to the public

Notes to the financial statements (continued)

23 Ultimate parent company

The immediate holding company is Culligan Acquisition UK Limited, incorporated in Great Britain and registered in England and Wales. The smallest group in which they are consolidated is that headed by Culligan Finance Corporation BV. Copies of the financial statements of this group are available from De Boelelaan 7, 1083 HJ Amsterdam, Netherlands. The largest group in which they are consolidated is Culligan Holding Sàrl, a company incorporated in Luxembourg. Copies of the financial statements of Culligan Holding Sàrl are available from 174 Route de Longwy, L-1940, Luxembourg.

The ultimate holding company and controlling party is Culligan Limited, a company registered in Bermuda.