

BWT UK Limited
(formerly Culligan International (UK) Limited)

Directors' Report and Financial Statements
For the year ended 31 December 2010

Registered number 01386074

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COMPANIES HOUSE

BWT UK Limited
Company information

Registered Office

BWT House
The Gateway Centre
Coronation Road
High Wycombe
Buckinghamshire HP12 3SU

Directors

Mr J N Wicks
Mr S T Sperring
Mr R D Martin
Mr A Weissenbacher
Mr G Speigner

Company Secretary

Mr R D Martin

Bankers

HSBC Bank plc
1 Corn Market
High Wycombe HP11 2AY

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

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Directors' report

For the year ended 31 December 2010

The directors present their directors' report and financial statements for the year ended 31 December 2010

Principal activities and business review

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

On 9 July 2010 the company sold part of its business relating to the sale of water treatment products to its then parent company Culligan Acquisition UK Limited. The part of the business sold contributed revenue of £888,000 (2009 £2,080,000) and an operating loss of £37,000 (2009 loss £172,000) in the period prior to disposal to the company. The company was then sold by Culligan Acquisition (UK) Limited to BWT AG a company listed in Austria. Subsequent to this the company changed its name to BWT UK Limited.

Prior to the sale of the Company to BWT AG the company was the beneficiary of the waiving of intercompany amounts payable by it of £2,532,000.

During the year a number of the Company's dormant subsidiaries entered into voluntary liquidation and the company recorded a loss on disposal of investments of £9,938,000. The Company also reviewed the value of the remaining subsidiaries and as none are trading companies recognised a further £3,872,000 impairment charge such that the carrying value of investments was reduced to nil (2009 £13,810,000).

During the year the company also disposed of trademarks it held for £1,450,000. The trademarks had not been carried on the company's balance sheet and hence there is a profit on disposal of £1,450,000.

In 2010 the company saw a downturn in its bottled water business due to a reduction in the cooler base in the prior year and in its household business due to the decision of one of its suppliers to sell direct to the market rather than through the company. This contributed to revenue (in the continuing business) declining 8.6% from 2009 levels.

The company's balance sheet (page 8) and associated notes show a decrease in trade debtors of £362,000, stocks of £256,000 and trade creditors of £719,000 principally due to the disposal of part of the water treatment product business as noted above. The comparatively larger fall in trade creditors is due to an increased level of goods received not invoiced at the year end which are accrued for in Accruals and Deferred Income.

The loss before tax for the year ended 31 December 2010 was £7,912,000 (2009 profit £986,000). Interim dividends of £3,040,000 were paid in the year (2009 £1,390,000).

The retained loss transferred from reserves for the year ended 31 December 2010 was £11,205,000 (2009 profit £113,000).

Going Concern

The Directors believe that there are no major risks or uncertainties for the company's future prospects. The company is cash generative and has no liquidity problems.

The Company's business activities, together with the factors likely to affect its' future performance, and its financial position, are described above.

Directors' report (continued)

The Company has strong financial resources and well-established relationships with a wide distribution of customers and suppliers in all relevant geographies. As a consequence, the directors believe that the Company is well placed to successfully manage its business risks.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis for preparing the annual report and accounts.

Proposed dividend

The directors do not recommend payment of a final dividend (2009: £nil).

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.

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.

Political and charitable contributions

Neither the company nor any of its subsidiaries made any disclosable political or charitable donations or incurred any political expenditure during the year.

Directors

The directors who held office during the year were as follows:

J N Wicks

S T Sperring

R D Martin

A Weissenbacher (appointed 9 July 2010)

G Speigner (appointed 9 July 2010)

S E Bennet (resigned 9 July 2010)

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. Having made enquiries of fellow directors each director has taken all the steps that they are obliged to take as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report (continued)

Auditors

The previous auditors KPMG LLP resigned in the year and Ernst & Young LLP have been appointed. In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young as auditors of the Company.

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

By order of the Board



R D Martin
Secretary

Date

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BWT UK LIMITED

We have audited the financial statements of BWT UK Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Audit Report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit

Ernst & Young LLP

John Dervley (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date 28 March 2011

Profit and loss account
For the year ended 31 December 2010

	Notes	Continuing Operations £000	Discontinued Operations £000	2010 £000	2009 £000
Turnover	2	12,856	888	13,744	16,149
Cost of sales		(6,437)	(569)	(7,006)	(8,671)
Gross profit		6,419	319	6,738	7,478
Distribution costs		(2,467)	(222)	(2,689)	(2,969)
Administrative costs		1,040	(134)	906	(3,622)
Operating profit	3	4,992	(37)	4,955	887
<hr/>					
Operating profit before exceptional items				973	887
Gain on disposal of trademarks	3			1,450	-
Gain on waiver of intercompany loan	3			2,532	-
Operating profit				4,955	887
<hr/>					
Amounts written off investments	3			(3,872)	-
Loss on disposal of investments	3			(9,938)	-
Income from fixed asset investments				900	-
Interest receivable	6			46	99
Interest payable	7			(3)	-
(Loss)/Profit on ordinary activities before taxation				(7,912)	986
Tax on (loss)/profit on ordinary activities	8			(253)	517
(Loss)/Profit for the financial year				(8,165)	1,503

The accompanying notes on pages 9 to 20 are an integral part of this profit and loss account

There were no recognised gains and losses other than those reported in the profit and loss account above

Balance sheet
at 31 December 2010

	Notes	31 December 2010 £000	31 December 2009 £000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	1,570	1,730
Investments	11	-	13,810
		<u>1,570</u>	<u>15,540</u>
Current assets			
Stocks	12	1,082	1,338
Debtors	13	2,749	8,850
Cash at bank and in hand		988	1,070
		<u>4,819</u>	<u>11,258</u>
Creditors: amounts falling due within one year	14	<u>(3,195)</u>	<u>(3,556)</u>
Net current assets		<u>1,624</u>	<u>7,702</u>
Total assets less current liabilities		3,194	23,242
Creditors: amounts falling due after more than one year	15	-	(8,841)
Provision for liabilities	16	<u>(259)</u>	<u>(261)</u>
Net assets		<u>2,935</u>	<u>14,140</u>
Capital and reserves			
Called-up share capital	18	68	68
Share premium account	19	1,432	4,146
Profit and loss account	19	1,435	9,926
Shareholder's funds	20	<u>2,935</u>	<u>14,140</u>

The accompanying notes on pages 9 to 20 are an integral part of this balance sheet

These financial statements were approved by the board of directors on
on its behalf by

28/3/11

and were signed



S T Sperring
Director

Registered number 01386078

Notes to the financial statements (forming part of 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 the Companies Act 2006 and applicable accounting standards

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Under section 400 of the Companies Act 2006, the company is exempt from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of BWT AG which prepares consolidated financial statements which are publicly available and can be obtained from address given in note 24 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
Bottles	-	5 years
Fixtures, fittings, tools and equipment	-	3 – 10 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

d) Leases

Assets acquired under finance leases are capitalised and the capital element of future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes to the financial statements (continued)

1 Accounting policies (continued)

e) *Post-retirement benefits*

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.

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.

j) *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 (continued)

2 Analysis of 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 the sale of 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	Discontinued Operations	2010 £000	2009 £000
a) Bottled water				
United Kingdom	4,423	-	4,423	4,983
b) Water purification equipment				
United Kingdom	8,346	831	9,177	10,641
Other European Union	82	-	82	128
Rest of World	5	57	62	397
	<u>8,433</u>	<u>888</u>	<u>9,321</u>	<u>11,166</u>
Total turnover	<u>12,856</u>	<u>888</u>	<u>13,744</u>	<u>16,149</u>

3 a) Operating profit

This is stated after charging/(crediting)

	31 December 2010 £000	31 December 2009 £000
Depreciation of owned tangible fixed assets	401	415
Loss on disposal of fixed assets	5	6
Operating lease rentals and hire charges		
- property	565	557
- equipment	<u>438</u>	<u>494</u>

Notes to the financial statements (continued)

b) Exceptional items

	31 December 2010 £000	31 December 2009 £000
Included within operating profit		
- Gain on waiver of intercompany loan	(2,532)	-
- Gain on disposal of trademarks	(1,450)	-
	<u>(3,982)</u>	<u>-</u>
Included after operating profit		
- Amounts written off investments	3,872	-
- Loss on disposal of investments	9,938	-
	<u>13,810</u>	<u>-</u>

The company's former parent company, Culligan Acquisition (UK) Limited, forgave debts of £2,532,000 in the period prior to disposing of the company

The company disposed of trademarks for £1,450,000 in the period. The trademarks had not been carried on the company's balance sheet, hence a gain of £1,450,000 arose

The company reviewed the carrying value of the remaining subsidiaries in the year and as none of the companies are trading they were considered to be impaired by £3,872,000

A number of dormant subsidiaries owned by the company at 31 December 2009 entered into voluntary liquidation in the period and as such created a loss on disposal of investments of £9,938,000

c) Auditors' remuneration

Amounts receivable by the auditors and their associates in respect of	31 December 2010 £000	31 December 2009 £000
Audit of these financial statements		
UK statutory audit	28	56
Other services in pursuant to legislation	-	16
Other services related to taxation	12	14
	<u>40</u>	<u>86</u>

4 Remuneration of directors

	31 December 2010 £000	31 December 2009 £000
Directors' emoluments	321	248
Contributions to defined contribution pension scheme	14	12
	<u>335</u>	<u>260</u>

The number of directors to whom retirement benefits are accruing under personal pension plans to which the company has contributed is 3 (31 December 2009: 3)

Notes to the financial statements (continued)

Highest paid director

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

	31 December 2010 £000	31 December 2009 £000
Emoluments	152	109
Contributions to defined contribution pension scheme	6	5
	158	114

5 Staff numbers and costs

The average monthly number of employees (including directors) analysed by category during the year was as follows

	Number of employees	
	31 December 2010	31 December 2009
Production	19	22
Sales and service	100	117
Administration	38	42
	157	181

The aggregate payroll costs of these persons were as follows

	31 December 2010 £000	31 December 2009 £000
Wages and salaries	3,714	4,138
Social security costs	382	431
Other pension costs (note 22)	96	116
	4,192	4,685

6 Interest receivable

	31 December 2010 £000	31 December 2009 £000
Bank interest	-	29
Receivable from group undertakings	46	44
Other interest	-	26
	46	99

Notes to the financial statements (continued)

7 Interest payable

	31 December 2010 £000	31 December 2009 £000
Payable to group undertakings	3	-
	<u>3</u>	<u>-</u>

8 Taxation

Analysis of charge in period

	31 December 2010 £000	31 December 2009 £000
<i>UK corporation tax</i>		
Current tax on income for the period	(163)	(2)
Adjustment in respect of prior periods	(13)	-
Total current tax	<u>(176)</u>	<u>(2)</u>
Deferred tax (note 17)		
Accelerated capital allowances	(78)	479
Other timing differences	1	40
Total deferred tax	<u>(77)</u>	<u>519</u>
Tax on (loss)/profit on ordinary activities	<u>(253)</u>	<u>517</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2009 higher) than the standard rate of corporation tax of 28% (2009 28%) The differences are explained below

	31 December 2010 £000	31 December 2009 £000
(Loss)/Profit on ordinary activities before taxation	<u>(7,912)</u>	<u>986</u>
Current tax at 28% (2009 28%)	(2,215)	276
<i>Effects of</i>		
Imputed interest net of expense	(84)	(179)
Difference between depreciation and capital allowances	(45)	(64)
Other timing differences	(3)	(51)
Loss on impairment	3,866	-
Gain on forgiveness of loans	(709)	-
Gain on disposal of trademarks	(406)	-
Dividend income	(252)	-
Other adjustments	11	20
Adjustments in respect of previous periods	13	-
Total current tax charge (see above)	<u>176</u>	<u>2</u>

Notes to the financial statements (continued)

9 Intangible fixed assets

Goodwill
£000

Cost

At 1 January and 31 December 2010 2,349

Amortisation

At 1 January and 31 December 2010 2,349

Net book value

At 31 December 2010 and 31 December 2009 -

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 2010	1,424	673	30	342	3,162	5,631
Additions	-	-	4	64	182	250
Disposals	-	-	(1)	(20)	(43)	(64)
Reclassifications	20	(178)	4	(28)	182	-
At 31 December 2010	<u>1,444</u>	<u>495</u>	<u>37</u>	<u>358</u>	<u>3,483</u>	<u>5,817</u>
Depreciation						
At 1 January 2010	395	356	19	246	2,885	3,901
Charge for period	39	40	9	73	240	401
Disposals	-	-	(1)	(16)	(38)	(55)
Reclassifications	(14)	(20)	-	(111)	145	-
At 31 December 2010	<u>420</u>	<u>376</u>	<u>27</u>	<u>192</u>	<u>3,232</u>	<u>4,247</u>
Net book value						
At 31 December 2010	<u>1,024</u>	<u>119</u>	<u>10</u>	<u>166</u>	<u>251</u>	<u>1,570</u>
At 31 December 2009	<u>1,029</u>	<u>317</u>	<u>11</u>	<u>96</u>	<u>277</u>	<u>1,730</u>

Notes to the financial statements (continued)

11 Fixed asset investments

	31 December 2010 £000	31 December 2009 £000
Subsidiary undertakings	-	13,810

The companies in which the company's interest is more than 20% are as follows

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%
Liff Holdings Limited	England and Wales	Non-trading	Ordinary	100%
Bayhall (UK) Limited*	England and Wales	Non-trading	Ordinary	100%
Culligan UK Pension Trustees Limited	England and Wales	Pension Trustee	Ordinary	100%

* Indirect holding via Liff Holdings Limited

	Shares in group undertakings £000	Other investments other than loans £000	Total £000
Cost			
At 1 January 2010	25,163	2,424	27,587
Disposals	(17,219)	(2,424)	(19,643)
At 31 December 2010	7,944	-	7,944
Amounts written off			
At 1 January 2010	11,353	2,424	13,777
Disposals	(7,281)	(2,424)	(9,705)
Impairment losses	3,872	-	3,872
At 31 December 2010	7,944	-	7,944
Net book value			
At 31 December 2010	-	-	-
At 31 December 2009	13,810	-	13,810

Notes to the financial statements (continued)

11 Fixed asset investments (continued)

The following companies held by the company at 31 December 2009 entered into voluntary liquidation in the period and as such were treated as being disposed of in the period

Orderclear Limited	Bayhall (West Yorkshire) Limited
M&E Water Limited	Liff Industries Limited
Culligan London Limited	Liff Industries (Southern) Limited
Culligan Anglia Limited	Liff Manufacturing Limited
Watercool Limited	The Classic Water Company Limited

The company reviewed the carrying value of the remaining investments in the year and as none of the companies are trading they were considered to be impaired by £3,872,000

12 Stocks

	31 December 2010 £000	31 December 2009 £000
Finished goods and goods for resale	<u>1,082</u>	<u>1,338</u>

13 Debtors

	31 December 2010 £000	31 December 2009 £000
<i>Amounts falling due within one year</i>		
Trade debtors	1,958	2,320
Amounts owed by group undertakings	2	5,138
Prepayments and accrued income	<u>352</u>	<u>356</u>
	<u>2,312</u>	<u>7,814</u>
<i>Amounts falling due after more than one year</i>		
Amounts owed by group undertakings	-	517
Deferred taxation (note 17)	<u>437</u>	<u>519</u>
	<u>437</u>	<u>1,036</u>
	<u>2,749</u>	<u>8,850</u>

Notes to the financial statements (continued)

14 Creditors amounts falling due within one year

	31 December 2010 £000	31 December 2009 £000
Trade creditors	937	1,656
Amounts owed to group undertakings	18	34
Corporation tax payable	79	-
Other taxes and social security	419	389
Accruals and deferred income	1,742	1,477
	<u>3,195</u>	<u>3,556</u>

15 Creditors: amounts falling due after more than one year

	31 December 2010 £000	31 December 2009 £000
Amounts payable to group undertakings	-	8,841

16 Provision for liabilities

	Insurance provision £000	Warranty provision £000	Total £000
Liability at 1 January 2010	127	134	261
Charge/(credit) to profit and loss for the year	8	(10)	(2)
Liability at 31 December 2010	<u>135</u>	<u>124</u>	<u>259</u>

A provision of £124,000 (2009 £134,000) has been recognised for estimated future warranty claims on products sold during the last financial year

A provision of £135,000 (2009 £127,000) has been recognised for estimated costs arising from current claims, being the excess liability the company pays as required by its product liability insurance

17 Deferred tax asset

The elements of deferred tax are as follows

	31 December 2010 £000	31 December 2009 £000
Timing differences between accumulated depreciation and capital allowances	396	479
Other timing differences	41	40
Undiscounted deferred tax asset at 31 December	<u>437</u>	<u>519</u>

Notes to the financial statements (continued)

18 Called-up share capital

	31 December 2010	31 December 2009
	£	£
<i>Allotted, called-up and fully paid</i>		
Equity 68,184 ordinary shares of £1 each	<u>68,184</u>	<u>68,184</u>

19 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2010	4,146	9,926
(Loss) for the year	-	(8,165)
Capital reduction	<u>(2,714)</u>	<u>2,714</u>
	1,432	4,475
Dividend on ordinary shares	-	<u>(3,040)</u>
At 31 December 2010	<u>1,432</u>	<u>1,435</u>

In accordance with the Companies Act 2006 the capital reduction was completed following the passing of a special resolution to approve the reduction by the sole member of the Company, the directors giving a statement of solvency in respect of the Company and the directors producing a statement of capital of the company as it stands after the reduction

20 Reconciliation of movements in shareholder's funds

	31 December 2010 £000	31 December 2009 £000
(Loss)/Profit for the year	(8,165)	1,503
Dividend paid	<u>(3,040)</u>	<u>(1,390)</u>
Net (reduction)/increase in shareholder's funds	<u>(11,205)</u>	<u>113</u>
Opening shareholder's funds	<u>14,140</u>	<u>14,027</u>
Closing shareholder's funds	<u>2,935</u>	<u>14,140</u>

Notes to the financial statements (continued)

21 Commitments

a) There were no capital commitments at the end of the financial year (2009 £Nil)

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

	31 December 2010		31 December 2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
- within one year	60	180	-	49
- between two and five years	147	138	242	293
- over five years	317	-	315	-
	<u>524</u>	<u>318</u>	<u>557</u>	<u>342</u>

22 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £96,000 (2009 £116,000).

The company had outstanding liability of £12,000 in respect of company and employee contributions to be paid into the scheme at the financial year end (2009 £17,000).

23 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 2010 (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 and can be obtained from the address given in note 24.

24 Ultimate parent company

The ultimate and immediate holding company is BWT AG, incorporated in Austria. The smallest and largest group in which the results of the Company are consolidated is that headed by BWT AG. Copies of the financial statements of this group are available from A-5310 Mondsee, Walter-Simmer-Strasse 4.