

BWT UK Limited

Directors' Report and Financial Statements
For the year ended 31 December 2015

Registered number: 01386074



BWT UK Limited

Company information

Registered Office: BWT House
Coronation Road
Cressex Business Park
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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Strategic report

For the year ended 31 December 2015

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.

Business Review

During the year trading was above expectations with revenues for the year up 5% with growth in most areas of the business. The largest increases were in the water dispenser business and the servicing of water filtration systems for the pharmaceutical industry.

Gross margin increased slightly to 48% from 47%. With no significant variance in the margin the increased sales led to an increase in operating profit of £57k to £1,385k

The working capital position of the company remained strong. Trade receivables increased £316k due to the increased sales however inventory fell by £346k due in part to the change in the mix of the business in the year.

During the year the company transitioned from previously extant UK GAAP to FRS 101 -*Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, BWT AG, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 23 to these financial statements.

Principle Risks and Uncertainties

Price Risk

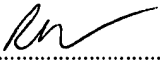
The company is exposed to commodity price risk particularly for raw materials and fuel. The company monitors these costs and take corrective action when relevant.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers and ongoing review of credit levels for existing customers. These credit limits are amended when appropriate.

BWT House
Coronation Road
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High Wycombe
Bucks
HP12 3SU

By order of the Board


.....
R D Martin
Secretary

Date 21st April 2016

Directors' report

For the year ended 31 December 2015

The directors present their directors' report and financial statements for the year ended 31 December 2015.

Results and Dividend

The profit before tax for the year ended 31 December 2015 was £1,385,000 (2014: £1,328,000). Interim dividends of £750,000 were paid in the year (2014: £800,000). The directors do not recommend payment of a final dividend (2014: £nil).

The retained profit transferred to reserves for the year ended 31 December 2015 was £336,000 (2014: £224,000).

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 in the Strategic Review.

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.

Directors

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

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

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.


Director's Report (continued)

Auditors

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.

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By order of the Board


.....
R D Martin
Secretary

Date 21st April 2016

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

The directors are responsible for preparing the Strategic Report, 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.

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 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 23. 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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. In addition, we read the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we became aware of any apparent material mistakes or inconsistencies we consider the implications for our report.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of BWT UK Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 *21 April 2016*

Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015	2014
		£000	£000
Turnover	3	15,065	14,406
Cost of sales		(7,874)	(7,693)
Gross profit		7,191	6,713
Distribution costs		(3,027)	(2,722)
Administrative costs		(2,779)	(2,664)
Operating profit	4	1,385	1,327
Interest receivable	7	-	1
Profit on ordinary activities before taxation		1,385	1,328
Tax on profit on ordinary activities	8	(299)	(304)
Total comprehensive income for the year		1,086	1,024

The accompanying notes on pages 13 to 28 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2015

	Notes	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2014		68	1,432	1,150	2,650
Total comprehensive income for the financial year		-	-	1,024	1,024
Equity dividends paid		-	-	(800)	(800)
At 31 December 2014		<u>68</u>	<u>1,432</u>	<u>1,374</u>	<u>2,874</u>
Total comprehensive income for the financial year		-	-	1,086	1,086
Equity dividends paid	9	-	-	(750)	(750)
At 31 December 2015		<u>68</u>	<u>1,432</u>	<u>1,710</u>	<u>3,210</u>

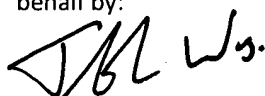
Balance sheet

at 31 December 2015

	Notes	31 December 2015 £000	31 December 2014 £000
Fixed assets			
Intangible assets	10	185	308
Tangible assets	11	1,375	1,345
Investments	12	-	-
		<u>1,560</u>	<u>1,653</u>
Current assets			
Inventories	13	1,294	1,640
Trade and other receivables	14	2,335	2,016
Cash at bank and in hand		1,798	1,508
Deferred tax assets	8	32	101
		<u>5,459</u>	<u>5,265</u>
Creditors: amounts falling due within one year	15	(3,583)	(3,627)
Income tax payable		(145)	(100)
Net current assets		<u>1,731</u>	<u>1,538</u>
Total assets less current liabilities		<u>3,291</u>	<u>3,191</u>
Provision for liabilities	17	(81)	(317)
Net assets		<u>3,210</u>	<u>2,874</u>
Capital and reserves			
Called-up share capital	18	68	68
Share premium account		1,432	1,432
Retained earnings		1,710	1,374
Total Equity		<u>3,210</u>	<u>2,874</u>

The accompanying notes on pages 13 to 28 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 21st April 2016 and were signed on its behalf by:



J N Wicks
Director

Registered number: 01386074

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Notes to the financial statements

(forming part of the financial statements)

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of BWT UK Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 21st April 2016 and the balance sheet was signed on the board's behalf by J N Wicks. BWT UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), the Financial Reporting Standard applicable in the UK and Republic of Ireland, and in accordance with Companies Act 2006. The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of BWT AG.

The results of BWT UK Limited are included in the consolidated financial statements of BWT AG which are available from A-5310 Mondsee, Walter-Simmer-Strasse 4.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1. Basis of preparation

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 23.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets; and
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- d) the requirements of paragraphs 10(d), 10(f), and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

Notes to the financial statements (continued)

2. Accounting policies (continued)

- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- i) the requirements of paragraph 130 (f)(ii) – 130 (f)(iii) of IAS36 Impairment of assets.

2.2. Judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Operating lease commitments

The Company as a lessee obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

2.3. Significant accounting policies

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Notes to the financial statements (continued)

2. Accounting policies (continued)

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life 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 property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Leases

Company as a lessee

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Company as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Where the Company transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

Inventories

Inventories are stated at the lower of cost, on a weighted average basis, and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – including freight and duty where applicable

Work in progress and finished goods - cost of direct materials and labour based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Pensions and other post-employment benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amounts charged to the income statement represent the contributions payable to the scheme in respect of the accounting period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the installation of water treatment equipment is recognised by reference to the stage of completion. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Financial Instruments

i) Financial assets

The Company's financial assets include cash, trade and other receivables.

Non-derivative financial assets are classified as either 'available for sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables - Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents - Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Finance income is accounted for on an accruals basis and credited to the Income Statement when receivable.

Notes to the financial statements (continued)

2. Accounting policies (continued)

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

ii) Financial liabilities

The Company's financial liabilities include trade and other liabilities.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial liabilities are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

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)

3. Turnover

Turnover recognised in the income statement is analysed as follows:

	2015	2014
	£000	£000
Sale of goods	11,965	11,636
Rendering of services	3,100	2,770
Turnover from continuing operations	15,065	14,406

No turnover was derived from exchanges of goods or services (2014: nil).

The turnover for the year is attributable to two activities, the sale and distribution of bottled water and the sale of water purification equipment. Analysis of turnover by geographical market for these two activities is as follows:

	2015	2014
	£000	£000
a) Bottled water		
United Kingdom	4,318	3,907
b) Water purification equipment		
United Kingdom	8,610	8,381
Other European Union	2,105	2,048
Rest of World	32	70
	10,747	10,499
Total turnover	15,065	14,406

Turnover by origin and destination are not materially different.

4. Operating profit

This is stated after charging /(crediting):

	31 December	31 December
	2015	2014
	£000	£000
Depreciation of owned tangible fixed assets	288	251
Loss on disposal of fixed assets	2	2
Amortisation of intangible assets	96	8
Net foreign currency exchange differences	49	42
Cost of inventories recognised as an expense (included in cost of sales)	5,664	5,443
Including write-down of inventories to net realisable value	58	78
Operating lease rentals and hire charges:		
- property	359	335
- equipment	395	385

Notes to the financial statements (continued)

5. Auditors' remuneration

	31 December 2015 £000	31 December 2014 £000
Amounts receivable by the auditors and their associates in respect of:		
UK statutory audit	26	25
Other services related to taxation	8	11
	<u>34</u>	<u>36</u>

6. Staff costs and directors' remuneration

a) Staff Costs

	31 December 2015 £000	31 December 2014 £000
Wages and salaries	3,712	3,515
Social security costs	377	362
Other pension costs (note 20)	136	128
	<u>4,225</u>	<u>4,005</u>

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

	31 December 2015	31 December 2014
Production	23	22
Sales and service	92	90
Administration	17	17
	<u>132</u>	<u>129</u>

b) Directors' remuneration

	31 December 2015 £000	31 December 2014 £000
Directors' emoluments	394	376
Contributions to defined contribution pension scheme	17	16
	<u>411</u>	<u>392</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 2014: 3).

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

	31 December 2015 £000	31 December 2014 £000
Emoluments	181	178
Contributions to defined contribution pension scheme	8	7
	<u>189</u>	<u>185</u>

Notes to the financial statements (continued)

7. Interest receivable

	31 December	31 December
	2015	2014
	£000	£000
Receivable from group undertakings	-	1
	<u>-</u>	<u>1</u>

8. Taxation

a) Tax charged in the income statement:

	31 December	31 December
	2015	2014
	£000	£000
<i>Current income tax:</i>		
Current tax on income for the period	245	240
Adjustment in respect of prior periods	(15)	(1)
Total current income tax	<u>230</u>	<u>239</u>
<i>Deferred tax:</i>		
Decelerated capital allowances	54	69
Other timing differences	(1)	1
Adjustment in respect of prior periods	16	(1)
Change in tax rate	-	(5)
Total deferred tax	<u>69</u>	<u>65</u>
Tax expense in the income statement	<u>299</u>	<u>304</u>

b) Reconciliation of the total tax charge

The current tax charge for the period is lower (2014: lower) than the standard rate of corporation tax of 20.25% (2014: 21.5%). The differences are explained below:

	31 December	31 December
	2015	2014
	£000	£000
Profit on ordinary activities before taxation	1,385	1,328
Current tax at 20.25% (2014: 21.5%)	<u>280</u>	<u>286</u>
<i>effects of:</i>		
Adjustment in respect of prior periods	1	(1)
Change in tax rate	-	(5)
Other permanent differences	4	5
Non-Qualifying depreciation	14	19
Total tax expense reported in the income statement	<u>299</u>	<u>304</u>

Notes to the financial statements (continued)

8. Taxation (continued)

c) Provision for deferred tax

	31 December 2015 £000	31 December 2014 £000
Provision at start of period	101	166
Credit to the income statement	(53)	(71)
Change in tax rate	-	5
Adjustments in respect of prior years	(16)	1
Undiscounted deferred tax asset at 31 December	<u>32</u>	<u>101</u>

Deferred taxation comprises:

	31 December 2015 £000	31 December 2014 £000
Accelerated capital allowances	22	91
Other temporary differences	10	10
Undiscounted deferred tax asset at 31 December	<u>32</u>	<u>101</u>

d) Factors that may affect future tax charges:

The company has tax capital losses of £4,040,947 carried forward as at 31 December 2015 (2014: £4,040,947).

A deferred tax asset has not been recognised on these losses as the directors are uncertain when relevant capital profits will arise against which the losses can be utilised.

Finance Act 2015 introduced the legislation to reduce the rate from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2018 and these changes in rate were substantively enacted by the balance sheet date. Due to the use of first year allowances the timing differences between accumulated depreciation and capital allowances are expected to be utilised within the year so the current 20% rate is the appropriate rate for the deferred tax balances at 31 December 2015.

9. Dividends paid

The company paid dividends in the 2015 financial year of £750,000 (2014: £800,000). These corresponded to £11.69 per share (2014: £12.46).

10. Intangible fixed assets

	Total £000
Cost	
At 1 January 2015	456
Disposals	(167)
At 31 December 2015	<u>289</u>
Amortisation	
At 1 January 2015	148
Additions	96
Disposals	(140)
At 31 December 2015	<u>104</u>
Net book value	
At 31 December 2015	<u>185</u>
At 31 December 2014	<u>308</u>

Notes to the financial statements (continued)

10. Intangible fixed assets (continued)

On 30 November 2014, BWT UK Limited, the Company, entered into an Assets Purchase Agreement for the acquisition of certain customer contracts and assets from Cool Clear Water Limited for a maximum consideration of £376,000 on fulfilment of certain conditions.

At 31 December 2014 management assessed the estimated purchase price for the assets acquired as £376,000. At 31 December 2014 £146,000 of the total consideration had been paid and the balance of £222,000 was recorded as deferred consideration in Provisions for liabilities (Note 17) based on fulfilment of certain future conditions as specified in the Asset Purchase Agreement. Following completion of the conditions £195,000 of consideration was paid in the year to 31 December 2015 and the remaining provision released. The total purchase consideration has been allocated based on fair value to the following assets:-

	Book Value	Adjustments revaluation	Fair Value
	£000	£000	£000
Fixed Assets	59	-	59
Accounts receivable	61	-	61
Deferred income	(60)	-	(60)
Customer Contracts	-	289	289
At 31 December 2015	60	289	349
Goodwill arising on acquisition			-
			349
Discharged by:			
Cash			349

The Customer Contracts are recognised as Intangible fixed assets and are amortised over the period of the respective customer contract.

11. Tangible fixed assets

	Fixtures, fittings, tools and equipment	Bottles	Motor vehicles	Short leasehold improvements	Freehold land and buildings	Cost
	£000	£000	£000	£000	£000	
	Total					
	4,962	2,950	319	433	1,222	At 1 January 2015
	321	217	1	3	8	Additions
	(95)	(76)	-	(9)	-	Disposals
	5,188	3,091	39	427	1,230	At 31 December 2015
Cost						
	3,617	2,454	16	414	558	At 1 January 2015
	288	171	11	10	34	Charge for period
	(92)	(76)	-	(9)	-	Disposals
	3,813	2,549	27	415	592	At 31 December 2015
Depreciation						
	3,617	2,454	16	414	558	At 1 January 2015
	288	171	11	10	34	Charge for period
	(92)	(76)	-	(9)	-	Disposals
	3,813	2,549	27	415	592	At 31 December 2015
Net book value						
	1,375	542	12	12	638	At 31 December 2015
	1,345	496	22	19	664	At 31 December 2014

Subsidiary undertakings

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
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Waterside Limited	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%
BWT UK Pension Trustees Limited	England and Wales	Pension Trustee	Ordinary	100%
*Indirect holding via Liff Holdings Limited				

*Indirect holding via Liff Holdings Limited

Shares in group
undertakings
€000

Cost

At 1 January 2015 and 31 December 2015

Amounts written off

At 1 January 2015 and 31 December 2015

Net book value

At 1 January 2015 and 31 December 2015

Net book value

At 1 January 2015 and 31 December 2015

Notes to the financial statements (continued)

13. Inventories

	31 December 2015 £000	31 December 2014 £000
Raw materials	730	1,006
Work in progress	24	-
Finished goods and goods for resale	540	634
	<u>1,294</u>	<u>1,640</u>

14. Trade and other receivables

	31 December 2015 £000	31 December 2014 £000
Amounts falling due within one year:		
Trade receivables	1,920	1,604
Amounts owed by group undertakings	114	110
Prepayments and accrued income	301	302
	<u>2,335</u>	<u>2,016</u>

15. Creditors: amounts falling due within one year

	31 December 2015 £000	31 December 2014 £000
Trade creditors	1,572	1,721
Amounts owed to group undertakings	79	73
Other taxes and social security	312	266
Accruals and deferred income	1,620	1,567
	<u>3,583</u>	<u>3,627</u>

16. Obligations under leases and hire purchase contracts

Future minimum lease payments due under non-cancellable operating leases are as follows:

	31 December 2015		31 December 2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- not later than 1 year	185	197	335	238
- after 1 year but not more than 5 years	533	198	289	312
- after five years	610	-	-	-
	<u>1,328</u>	<u>395</u>	<u>624</u>	<u>550</u>

The Company has entered into commercial leases on certain properties, motor vehicles and items of machinery. These leases have an average duration of between 3 and 10 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Notes to the financial statements (continued)

17. Provision for liabilities

	Insurance provision £000	Warranty provision £000	Deferred Consideration £000	Total £000
Liability at 1 January 2015	70	25	222	317
Utilised in the year	(23)	9	(195)	(209)
Released in the year	-	-	(27)	(27)
Liability at 31 December 2015	47	34	-	81

A provision of £34,000 (2014: £25,000) has been recognised for estimated future warranty claims on products sold during the last financial year.

A provision of £47,000 (2014: £70,000) has been recognised for estimated costs arising from current claims, being the excess liability the company pays as required by its product liability insurance.

A provision of £222,000 was recognised for consideration payable on the acquisition of the trade and assets of Cool Clear Water Limited in November 2014.

18. Called-up share capital

	31 December 2015 £	31 December 2014 £
<i>Allotted, called-up and fully paid</i>		
Equity: 68,184 ordinary shares of £1 each	68,184	68,184

19. Commitments

There were no capital commitments at the end of the financial year (2014: £Nil).

20. 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 £136,000 (2014: £128,000).

The company had outstanding liability of £19,000 in respect of company and employee contributions to be paid into the scheme at the financial year end (2014: £19,000).

21. Related Party Transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with entities which form part of the group as at 31 December 2015 (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 22.

22. 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.

Notes to the financial statements (continued)

23. Transition to FRS101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2015 year ends retrospectively. The Company has taken advantage of the following exemptions:

- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

There are no material reclassifications or remeasurements required as a result of the transition to FRS101 by the Company. There is therefore no change in equity at the transition date of 1 January 2014, equity at the comparative balance sheet date of 31 December 2014 or comprehensive income in the comparative period. Accordingly reconciliations of this financial information under previous GAAP to FRS101 have not been presented.