

BWT UK Limited

Directors' Report and Financial Statements  
For the year ended 31 December 2017

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 2017*

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 met expectations with revenues for the year up 4% with growth in most areas of the business. The largest increases were in the sales of water softeners and water filters. Gross margin remained unchanged at 45%.

As part of a group consolidation of intellectual property the company sold the intellectual property in respect of its water softeners to BWT AG the company's parent company for a profit of £990,000. In order to increase brand awareness the company significantly increased its advertising spend. The net effect of the increased sales, profit on disposal and increased advertising spend led to a decrease in operating profit of £1,111,000 to £491,000.

The working capital position of the company remained strong with no significant variances.

## ***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.

## ***Key Performance Indicators***

The Company measures its performance against strategic objectives by means of key performance indicators. The main KPSI are as follows:

- EBITDA (earnings before interest, taxation, depreciation and amortisation): EBITDA increased by less than 1% over the prior year.
- Free Cashflow from operating activities: Declined 32% over the prior year due to the increased advertising spend
- Sales per Employee: increased 7% over the prior year.

BWT House  
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By order of the Board

.....  
R D Martin  
Secretary

Date 27/6/18

# **Directors' report**

## ***For the year ended 31 December 2017***

The directors present their directors' report and financial statements for the year ended 31 December 2017.

### ***Results and Dividend***

The profit before tax for the year ended 31 December 2017 was £1,478,000 (2016: £1,601,000). Interim dividends of £1,000,000 were paid in the year (2016: £1,050,000). The directors do not recommend payment of a final dividend (2016: £nil).

The retained profit transferred to reserves for the year ended 31 December 2017 (net of dividends paid) was £349,000 (2016: £208,000).

### ***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.

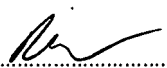
## Director's Report (continued)

### *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 LLP as auditors of the Company.

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By order of the Board

  
.....  
R D Martin  
Secretary

Date 27/6/18.

## **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**

## **Opinion**

We have audited the financial statements of BWT UK Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework."

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statements set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

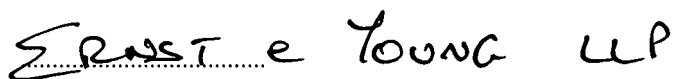
### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.



Chris Nobbs (Senior Statutory Auditor)

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

Date: 2 July 2018

## Statement of Comprehensive Income

*For the year ended 31 December 2017*

	Notes	2017	2016
		£000	£000
Turnover	3	17,979	17,275
Cost of sales		(9,977)	(9,524)
<b>Gross profit</b>		<b>8,002</b>	<b>7,751</b>
Distribution costs		(3,292)	(3,257)
Administrative costs		(4,219)	(2,892)
<b>Operating profit</b>	4	<b>491</b>	<b>1,602</b>
Profit on disposal of intangible asset	5	990	-
Interest payable	8	(3)	(1)
<b>Profit on ordinary activities before taxation</b>		<b>1,478</b>	<b>1,601</b>
Tax on profit on ordinary activities	9	(129)	(343)
<b>Total comprehensive income for the year</b>		<b>1,349</b>	<b>1,258</b>

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

## Statement of Changes in Equity

*For the year ended 31 December 2017*

	Notes	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
<b>At 1 January 2016</b>		68	1,432	1,710	3,210
Total comprehensive income for the financial year		-	-	1,258	1,258
Equity dividends paid		-	-	(1,050)	(1,050)
<b>At 31 December 2016</b>		<u>68</u>	<u>1,432</u>	<u>1,918</u>	<u>3,418</u>
Total comprehensive income for the financial year		-	-	1,349	1,349
Equity dividends paid	10	-	-	(1,000)	(1,000)
<b>At 31 December 2017</b>		<u>68</u>	<u>1,432</u>	<u>2,267</u>	<u>3,767</u>

# Balance sheet

at 31 December 2017

	Notes	31 December 2017 £000	31 December 2016 £000
<b>Fixed assets</b>			
Intangible assets	11	267	356
Tangible assets	12	1,790	1,559
Investments	13	-	-
		<u>2,057</u>	<u>1,915</u>
<b>Current assets</b>			
Inventories	14	1,738	1,763
Trade and other receivables	15	2,621	2,626
Cash at bank and in hand		1,386	1,248
Deferred tax assets	9	10	9
		<u>5,755</u>	<u>5,646</u>
<b>Creditors: amounts falling due within one year</b>	16	<b>(3,929)</b>	<b>(3,874)</b>
Income tax payable		<u>(13)</u>	<u>(145)</u>
<b>Net current assets</b>		<u>1,813</u>	<u>1,627</u>
<b>Total assets less current liabilities</b>		<u>3,870</u>	<u>3,542</u>
<b>Deferred tax liability</b>	9	<b>(32)</b>	<b>(36)</b>
<b>Provision for liabilities</b>	18	<b>(71)</b>	<b>(88)</b>
<b>Net assets</b>		<u>3,767</u>	<u>3,418</u>
<b>Capital and reserves</b>			
Called-up share capital	19	68	68
Share premium account		1,432	1,432
Retained earnings		2,267	1,918
<b>Total Equity</b>		<u>3,767</u>	<u>3,418</u>

The accompanying notes on pages 14 to 28 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 27/6/18 and were signed on its behalf by:



J N Wicks  
Director

Registered number: 01386074

13 BWT UK Limited

# 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 2017 were authorised for issue by the board of directors on 27<sup>th</sup> June 2018 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 publicly 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 accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

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;
- 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.

## *Notes to the financial statements (continued)*

### **2. Accounting policies (continued)**

#### **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 9.

### **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.

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.

## *Notes to the financial statements (continued)*

### **2. Accounting policies (continued)**

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.

#### **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.



## *Notes to the financial statements (continued)*

### **2. Accounting policies (continued)**

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.

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.

## *Notes to the financial statements (continued)*

### **2. Accounting policies (continued)**

#### **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.

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.

## *Notes to the financial statements (continued)*

### **2. Accounting policies (continued)**

#### *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.

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.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 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.

### 3. Turnover

Turnover recognised in the income statement is analysed as follows:

	2017	2016
	£000	£000
Sale of goods	15,623	13,834
Rendering of services	2,356	3,441
<b>Turnover from continuing operations</b>	<b>17,979</b>	<b>17,275</b>

No turnover was derived from exchanges of goods or services (2016: 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:

	2017	2016
	£000	£000
<b>a) Bottled water</b>		
United Kingdom	4,865	4,648
<b>b) Water purification equipment</b>		
United Kingdom	9,075	8,815
Other European Union	3,911	3,812
Rest of World	128	-
	<b>13,114</b>	<b>12,627</b>
<b>Total turnover</b>	<b>17,979</b>	<b>17,275</b>

Turnover by origin and destination are not materially different.

## Notes to the financial statements (continued)

### 4. Operating profit

This is stated after charging / (crediting):

	31 December 2017 £000	31 December 2016 £000
Depreciation of owned tangible fixed assets	365	307
Loss on disposal of fixed assets	4	4
Amortisation of intangible assets	190	124
Impairment of Investments (note 13)	0	265
Waiver of intercompany payable balance (note 11)	(0)	(265)
Net foreign currency exchange differences	25	92
Cost of inventories recognised as an expense (included in cost of sales)	7,207	6,954
Including write-down of inventories to net realisable value	(15)	84
Operating lease rentals and hire charges:		
- property	246	265
- equipment	436	422

### 5. Exceptional Items

	31 December 2017 £000	31 December 2016 £000
Recognised below operating profit:		
Profit on disposal of intangible assets	990	-

The company sold the intellectual property in connection with its water softeners to BWT AG the company's parent company for a profit of £990,000.

### 6. Auditors' remuneration

	31 December 2017 £000	31 December 2016 £000
Amounts receivable by the auditors and their associates in respect of:		
UK statutory audit	27	26
Other services related to taxation	-	-
	27	26

### 7. Staff costs and directors' remuneration

#### a) Staff Costs

	31 December 2017 £000	31 December 2016 £000
Wages and salaries	4,047	3,893
Social security costs	418	401
Other pension costs (note 21)	123	125
	4,588	4,419

## Notes to the financial statements (continued)

### 7. Staff costs and directors' remuneration (continued)

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

	31 December 2017	31 December 2016
Production	27	24
Sales and service	100	99
Administration	18	17
	<u>145</u>	<u>140</u>

#### b) Directors' remuneration

	31 December 2017 £000	31 December 2016 £000
Directors' emoluments	418	399
Contributions to defined contribution pension scheme	20	18
	<u>438</u>	<u>417</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 2016: 3).

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

	31 December 2017 £000	31 December 2016 £000
Emoluments	186	182
Contributions to defined contribution pension scheme	8	8
	<u>194</u>	<u>190</u>

A Weissenbacher and G Speigner provide services to this company and a number of other group companies. The salary of these Directors is paid by other companies within the group.

### 8. Interest payable

	31 December 2017 £000	31 December 2016 £000
Payable to group undertakings	3	1
	<u>3</u>	<u>1</u>

*Notes to the financial statements (continued)*

**9. Taxation**

*a) Tax charged in the income statement:*

	31 December 2017 £000	31 December 2016 £000
<i>Current income tax:</i>		
Current tax on income for the period	113	299
Adjustment in respect of prior periods	21	(1)
Total current income tax	<u>134</u>	<u>298</u>
<i>Deferred tax:</i>		
Decelerated capital allowances	16	44
Other timing differences	(1)	1
Adjustment in respect of prior periods	(20)	-
Total deferred tax	<u>(5)</u>	<u>45</u>
Tax expense in the income statement	<u>129</u>	<u>343</u>

*b) Reconciliation of the total tax charge*

The current tax charge for the period is lower (2016: higher) than the standard rate of corporation tax of 19.25% (2016: 20%). The differences are explained below:

	31 December 2017 £000	31 December 2016 £000
Profit on ordinary activities before taxation	1,478	1,601
Current tax at 19.25% (2016: 20%)	285	320
<i>effects of:</i>		
Adjustment in respect of prior periods	(1)	(1)
Other permanent differences	28	13
Non-Qualifying depreciation	8	11
Brought forward losses utilised in the period	(191)	-
Total tax expense reported in the income statement	<u>129</u>	<u>343</u>

*c) Provision for deferred tax*

	31 December 2017 £000	31 December 2016 £000
Provision at start of period	(27)	32
Debit / (Credit) to the income statement	(15)	(45)
Deferred tax on assets transferred from TK Water Systems Ltd	-	(14)
Adjustments in respect of prior years	20	-
Undiscounted deferred tax (liability) / asset at 31 December	<u>(22)</u>	<u>(27)</u>

Deferred taxation comprises:

	31 December 2017 £000	31 December 2016 £000
Accelerated capital allowances	-	-
Other temporary differences	10	9
Undiscounted deferred tax asset at 31 December	<u>10</u>	<u>9</u>
Accelerated capital allowances	(32)	(36)
Undiscounted deferred tax liability at 31 December	<u>(32)</u>	<u>(36)</u>

## Notes to the financial statements (continued)

### 9. Taxation (continued)

#### d) Factors that may affect future tax charges:

The company has tax capital losses of £3,050,947 carried forward as at 31 December 2017 (2016: £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 2016 introduced the legislation to reduce the rate from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2018. In the 2016 budget the Chancellor announced that the corporation tax rate would be reduced further to 17% from 1 April 2020 and these changes were substantially enacted by the balance sheet date. Accordingly, deferred tax balances as at 31 December 2017 have been calculated at 17%, being the rate at which the timing differences are expected to reverse.

### 10. Dividends paid

The company paid dividends in the 2017 financial year of £1,000,000 (2016: £1,050,000). These corresponded to £14.67 per share (2016: £15.40).

### 11. Intangible fixed assets

	Total £000
<b>Cost</b>	
At 1 January 2017	584
Additions	101
At 31 December 2017	685
<b>Amortisation</b>	
At 1 January 2017	228
Charge for the period	190
At 31 December 2017	418
<b>Net book value</b>	
At 31 December 2017	267
At 31 December 2016	356

On 31 October 2017, BWT UK Limited, the Company, entered into an Assets Purchase Agreement for the acquisition of certain customer contracts and assets from UK Aqua Limited for £105,000.

The total purchase consideration for UK Aqua Limited has been allocated based on fair value to the following assets:-

	Book Value £000	Adjustments revaluation £000	Fair Value £000
Fixed Assets	4	-	4
Customer Contracts	-	101	101
At 31 December 2017	4	101	105
Goodwill arising on acquisition			105
Discharged by:			
Cash			105

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



*Notes to the financial statements (continued)*

**12. 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
<b>Cost</b>						
At 1 January 2017	1,235	405	40	449	3,244	5,373
Additions	56	-	-	98	485	639
Disposals	-	-	(30)	(269)	(299)	(598)
At 31 December 2017	1,291	405	10	278	3,430	5,414
<b>Depreciation</b>						
At 1 January 2017	626	395	32	245	2,516	3,814
Charge for period	35	1	6	74	249	365
Disposals	-	-	(30)	(226)	(299)	(555)
At 31 December 2017	661	396	8	93	2,466	3,624
<b>Net book value</b>						
At 31 December 2017	630	9	2	185	964	1,790
At 31 December 2016	609	10	8	204	728	1,559

**13. Fixed asset investments**

	31 December 2017 £000	31 December 2016 £000
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
BWT Force One Limited (previously 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%

The registered office for each of the companies listed above is:

BWT House  
Coronation Road  
Cressex Business Park  
High Wycombe  
Buckinghamshire HP12 3SU

*Notes to the financial statements (continued)*

**13. Fixed asset investments (Continued)**

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2017	-
Additions	-
At 31 December 2017	-
<b>Impairment</b>	
At 1 January 2017	-
Provided during the year	-
At 31 December 2017	-
<b>Net book value</b>	
At 1 January 2017 and 31 December 2017	-

**14. Inventories**

	31 December 2017 £000	31 December 2016 £000
Raw materials	1,085	1,138
Work in progress	-	4
Finished goods and goods for resale	653	621
	<u>1,738</u>	<u>1,763</u>

**15. Trade and other receivables**

	31 December 2017 £000	31 December 2016 £000
Amounts falling due within one year:		
Trade receivables	2,134	2,048
Amounts owed by group undertakings	283	362
Prepayments and accrued income	204	216
	<u>2,621</u>	<u>2,626</u>

**16. Creditors: amounts falling due within one year**

	31 December 2017 £000	31 December 2016 £000
Trade creditors	1,767	1,801
Amounts owed to group undertakings	26	103
Other taxes and social security	346	302
Accruals and deferred income	1,790	1,668
	<u>3,929</u>	<u>3,874</u>

## Notes to the financial statements (continued)

### 17. Obligations under leases and hire purchase contracts

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

	31 December 2017		31 December 2016	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- not later than 1 year	230	117	230	200
- after 1 year but not more than 5 years	733	187	779	91
- after five years	646	-	829	-
	<b>1,609</b>	<b>304</b>	<b>1,838</b>	<b>291</b>

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.

### 18. Provision for liabilities

	Insurance provision £000	Warranty provision £000	Total £000
Liability at 1 January 2017	57	31	88
Provided in the year	-	6	6
Utilised in the year	(23)	-	(23)
<b>Liability at 31 December 2017</b>	<b>34</b>	<b>37</b>	<b>71</b>

A provision of £37,000 (2016: £31,000) has been recognised for estimated future warranty claims on products sold during the last financial year.

A provision of £34,000 (2016: £57,000) has been recognised for estimated costs arising from current claims, being the excess liability the company pays as required by its product liability insurance.

### 19. Called-up share capital

	31 December 2017 £	31 December 2016 £
Allotted, called-up and fully paid		
Equity: 68,184 ordinary shares of £1 each	<b>68,184</b>	<b>68,184</b>

### 20. Commitments

There were no capital commitments at the end of the financial year (2016: £Nil).

### 21. 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 £123,000 (2016: £125,000).

The company had an outstanding liability of £18,000 in respect of company and employee contributions to be paid into the scheme at the financial year end (2016: £18,000).

## *Notes to the financial statements (continued)*

### **22. 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 2017 (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 23.

### **23. Ultimate parent company**

The immediate holding company is BWT AG, incorporated in Austria. The ultimate controlling company is FIBA Beteiligungs und Anlage GmbH, a company 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.