

BWT UK Limited

Directors' Report and Financial Statements
For the year ended 31 December 2022

Registered number: 01386074

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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:

Rouse Partners LLP
55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

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Strategic report

For the year ended 31 December 2022

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 sales were up 13% on the prior year with particularly strong growth in the sale of water softeners. However, the impact of the weak pound, invasion of Ukraine and other inflationary pressures on input costs meant that gross margin was down at 31% (2021: 35%).

The downturn in gross margin percentage alongside other price pressures meant the Company's operating profit fell to £904,000 (2021: £1,736,000).

The working capital position of the Company remained strong with net current assets in line with the prior year.

Principal Risks and Uncertainties

Price Risk

The Company is exposed to commodity price risk particularly for raw materials, fuel and freight costs. 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 KPIs are as follows:

	2022 £000	2021 £000
EBITDA before impact of IFRS16	2,387	3,197
Free Cashflow from operating activities	697	1,944
Sales per Employee	184	178

- EBITDA (earnings before interest, taxation, depreciation and amortisation) before impact of IFRS16 decreased by 25% over the prior year due to the impact of significant increases in freight costs, raw materials and fuel costs.
- Free Cashflow from operating activities decreased 64% over the prior year. This was more than the fall in EBITDA due to significant investment in tooling to source some components more locally.
- Sales per Employee increased 3% over the prior year.

By Order of the Board



R D Martin

Secretary

Date: 27th June 2023

Directors' report

For the year ended 31 December 2022

The directors present their directors' report and financial statements for the year ended 31 December 2022.

Results and Dividend

The profit before tax for the year ended 31 December 2022 was £852,000 (2021: £1,680,000). Interim dividends of £500,000 were paid in the year (2021: £2,500,000). The directors do not recommend payment of a final dividend (2021: £nil).

Going Concern

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the financial risks faced by the company.

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.

The Company prepares regular forecasts and manages its resources accordingly. In preparing the forecasts the Company considers different scenarios depending on the growth or decline of its different business areas. The key sensitivity in the latest forecast being the extent to which the bottled water business can recover.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and do not foresee any material uncertainties in relation to going concern. 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.

By Order of the Board:



R D Martin

Secretary

Date: 27th June 2023

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 judgements 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 (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of Directors

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, 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- through discussions with the directors and other management, we identified the laws and regulations applicable to the company; and
- focusing on the specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, we assessed the extent of compliance with those laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates detailed in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual bank transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

This report is made solely to the company's member 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 member, those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Rouse Audit LLP

Leighton Bower (Senior Statutory Auditor)
For and on behalf of Rouse Audit LLP

Date: 27 June 2023

Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Turnover	3	22,524	19,944
Cost of sales		(15,568)	(12,877)
Gross profit		6,956	7,067
Selling and Distribution costs		(2,593)	(2,242)
Administrative costs		(3,589)	(3,371)
Other income		130	282
Operating profit	5	904	1,736
Finance costs	8	(52)	(56)
Profit on ordinary activities before taxation		852	1,680
Tax on profit on ordinary activities	9	(150)	(351)
Total comprehensive income for the year		702	1,329

The accompanying notes on pages 13 to 30 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Called Up Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2021		68	1,432	4,358	5,858
Profit for the year		-	-	1,329	1,329
Total comprehensive income for the year		-	-	1,329	1,329
Contributions by and distributions to owners:					
Dividends	10	-	-	(2,500)	(2,500)
Total contributions by and distributions to owners		-	-	(2,500)	(2,500)
At 31 December 2021		68	1,432	3,187	4,687
Profit for the year		-	-	702	702
Total comprehensive income for the year		-	-	702	702
Contributions by and distributions to owners:					
Dividends	10	-	-	(500)	(500)
Total contributions by and distributions to owners		-	-	(500)	(500)
At 31 December 2022		68	1,432	3,389	4,889

Statement of Financial Position

at 31 December 2022

	Notes	31 December 2022 £000	31 December 2021 £000
Fixed assets			
Tangible assets	11	1,876	1,543
Right of use assets	12	1,635	1,961
Investments	13	-	-
		<u>3,511</u>	<u>3,504</u>
Current assets			
Inventories	14	3,515	3,942
Trade and other receivables	15	2,994	2,519
Cash at bank and in hand		1,538	1,742
		<u>8,047</u>	<u>8,203</u>
Creditors: amounts falling due within one year	16	(4,881)	(4,900)
Income tax payable		(23)	(152)
Net current assets		<u>3,143</u>	<u>3,151</u>
Total assets less current liabilities		<u>6,654</u>	<u>6,655</u>
Creditors: amounts falling due after more than one year	17	(1,322)	(1,631)
Deferred tax liability	9	(256)	(140)
Provision for liabilities	19	(187)	(197)
Net assets		<u>4,889</u>	<u>4,687</u>
Capital and reserves			
Called-up share capital	20	68	68
Share premium account		1,432	1,432
Retained earnings		3,389	3,187
Total Equity		<u>4,889</u>	<u>4,687</u>

The accompanying notes on pages 13 to 30 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 27 June 2023 and were signed on its behalf by:



J N Wicks
Director

Registered number: 01386074

Notes to the financial statements

(forming part of the financial statements)

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

BWT UK Limited (the "Company") is a company limited by shares, incorporated in England and Wales, United Kingdom, having its registered office at BWT House, Coronation Road, High Wycombe, HP12 3SU. The financial statements for the Company for the year ended 31 December 2022 were authorised for issue by the board of directors on 27 June 2023 and the balance sheet was signed on the board's behalf by J N Wicks.

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 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 s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of BWT Holding GmbH.

The results of BWT UK Limited are included in the consolidated financial statements of BWT Holding GmbH 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. Going Concern

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.

The Company prepares regular forecasts and manages its resources accordingly. Forecasts are prepared for the 24 month period from year end to support the going concern assumptions. In preparing the forecasts the Company considers different scenarios depending on the growth or decline of its different business areas. The key sensitivity in the latest forecast being the extent to which the bottled water business can recover.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and do not foresee any material uncertainties in relation to going concern. Accordingly they continue to adopt the going concern basis for preparing the annual report and accounts.

2.2. 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 2022.

The company has applied disclosure exemptions available in the standard in the following areas:

- IFRS 7 disclosures regarding financial instruments;
- IFRS 15 disclosures regarding revenue from contracts with customers;
- IFRS 16 disclosures regarding leases;
- IAS 1 requirement for full comparative information on property, plant and equipment;
- IAS 1 requirement to disclose the company's objectives, policies and processes for managing capital;
- IAS 7 requirement to produce a statement of cash flows and related notes;
- IAS 8 requirement to disclose information about the impact of standards not yet effective;
- IAS 24 requirements in respect of disclosing remuneration of key management personnel and intragroup transactions; and
- IAS 36 requirements on some detailed disclosures regarding impairment of assets.

Notes to the financial statements (continued)

2.3. Change in accounting policy

New standards, interpretations and amendments effective

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2022. None of these had a material impact on the Company.

2.4. 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:

Inventory Provision

The directors have made provision against all inventory based on how many months usage of each item of inventory is held. A 100% provision has been made where we hold more than 48 months of inventory, 75% where we hold more than 36 months, 50% where we hold more than 24 months and 25% where we hold more than 12 months. The provision at the year end of £400,000 (2021: £395,000) is included within the inventory value (note 14). The realizable value of slow moving inventory is uncertain due to potential changes in the market for slow moving products and therefore this could impact on future profit or loss.

Customer Deposits

The Company charges a deposit on bottles it uses to supply water to customers. The amount charged is held in the customer deposit provision until the bottle is returned. However, not all bottles are ultimately returned. The Company makes an estimate that 50% of deposits on customers not active in the last 3 months will not be payable. It is uncertain how many bottles that customers hold will be returned and how many have been lost by the customer. This could impact future profit or loss. The provision at the year end of £470,000 (2021: £455,000) is included within the trade receivables (note 15).

2.5. 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.

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:

Notes to the financial statements (continued)

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

Right of use assets are depreciated on a straight-line basis over the length of the lease.

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.

The Company holds a property in which a proportion of this property is leased to another third party. This property is owner occupied and used by the Company for its principal activities, and an insignificant portion of this building is leased and therefore the Company acts as a lessor. This represents mixed use owner occupied property, of which an insignificant portion is held for rental in which case does not meet the criteria to be presented as an investment property. This portion of the building cannot be sold separately and therefore represents mixed use property under IAS16. The rental income on this is presented in other income and disclosed within the tangible asset notes. The building has therefore not been separated and is held at historical cost.

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.

Warranty:

The Company provides for the cost of rectification or replacement of parts on defective water purification equipment on a five 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)

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to direct the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, the amount of any provision where contractually required to dismantle, remove or restore the lease asset and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. Right of use assets are tested for impairment in accordance with IAS36 Impairment of Assets as disclosed in the Impairment of non-financial assets policy above.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in its leases therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

iv) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

v) Lease modifications

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the

Notes to the financial statements (continued)

lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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.

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.

Impairment provisions for current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative costs in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the financial statements (continued)

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 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 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 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 tax assets is reviewed at each balance sheet date. Deferred 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 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

Recognition

The Company earns revenue from the sale and distribution of bottled water and the sale of water purification equipment and related services. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

Revenue is recognised from the sale of products when control is transferred and performance obligations are met, usually on delivery of product to customer. Terms of the fee arrangement are detailed in the terms and conditions attached to the invoice.

Performance obligations

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the trade

Notes to the financial statements (continued)

customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company rents water dispensers under operating lease agreements with a range of available lease terms. Revenue is recognised on a straight line basis over the lease term as the provision of the water dispenser is for the whole of the lease term and any maintenance is spread relatively evenly across the whole population of the water dispensers.

Transaction price

The transaction price is the fair value of the consideration received for the product less discounts / rebates and value added taxes. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the Balance Sheet and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the Balance Sheet when the Company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the Company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the Balance Sheet when the Company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the Company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Notes to the financial statements (continued)

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

There are no instruments which have been classified under this category.

(b) Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

(b) Financial liabilities measured at amortised cost

Notes to the financial statements (continued)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. Turnover

Turnover recognised in the income statement is analysed as follows:

	2022	2021
	£000	£000
Sale of goods	19,827	17,314
Rendering of services	2,697	2,630
Total turnover	22,524	19,944

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

	2022	2021
	£000	£000
a) Bottled water		
United Kingdom	4,034	3,532
b) Water purification equipment and related services		
United Kingdom	8,576	8,452
European Union	9,495	7,610
Rest of World	419	350
	18,490	16,412
Total turnover	22,524	19,944

Notes to the financial statements (continued)

4. Revenue from contracts with customers

Contract balances

	Contract Liabilities 2022 £000	Contract Liabilities 2021 £000
Balance as at 1 January	968	958
Balance as at 31 December	995	968
In addition, the following information is provided for contract assets and liabilities:		
Amounts included in contract liabilities that were recognised as revenue during the period	531	497

Contract liabilities are included within "creditors" on the face of the balance sheet. They arise from the Company's bottled water division, which enters into contracts to rent water dispensers to customers. Rentals are often invoiced in advance and customers charged deposits for bottles they are delivered.

No amount has been impaired in 2022 or 2021.

5. Operating profit

This is stated after charging / (crediting):

	31 Dec 2022 £000	31 Dec 2021 £000
Depreciation of tangible fixed assets	398	411
Depreciation of right of use assets	521	563
(Gain) / Loss on disposal of fixed assets	-	(10)
Amortisation of intangible assets	-	-
Net foreign currency exchange differences	149	110
Leases expense - property	29	27
Leases expense - equipment	54	46
Cost of inventories recognised as an expense (included in cost of sales)	11,565	9,445
Write-down of inventories to net realisable value	(5)	(43)

Of the equipment lease expenses £20,000 (2021: £19,000), relates to low value assets and £34,000 (2021: £27,000) relates to short term leases. The property lease expenses relate to short term leases.

6. Auditors' remuneration

	31 December 2022 £000	31 December 2021 £000
Amounts receivable by the auditors and their associates in respect of:		
UK statutory audit	35	33
Other services related to taxation	-	-
	35	33

Notes to the financial statements (continued)

7. Staff costs and directors' remuneration

a) Staff Costs

	31 December 2022 £000	31 December 2021 £000
Wages and salaries	3,824	3,286
Social security costs	407	346
Other pension costs (note 22)	150	135
	<u>4,381</u>	<u>3,767</u>

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

	31 December 2022	31 December 2021
Production	40	33
Sales and service	70	66
Administration	14	13
	<u>124</u>	<u>112</u>

b) Directors' remuneration

	31 December 2022 £000	31 December 2021 £000
Directors' emoluments	424	408
Contributions to defined contribution pension scheme	26	26
	<u>450</u>	<u>434</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 2021: 3).

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

	31 December 2022 £000	31 December 2021 £000
Emoluments	203	191
Contributions to defined contribution pension scheme	9	9
	<u>212</u>	<u>200</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 and no recharge is made to the Company in this regard.

8. Finance Costs

	31 December 2022 £000	31 December 2021 £000
Finance expense on leases	49	56
Payable to group undertakings	3	-
	<u>52</u>	<u>56</u>

Notes to the financial statements (continued)

9. Taxation

a) Tax charged in the income statement:

	31 December 2022 £000	31 December 2021 £000
<i>Current income tax:</i>		
Current tax on income for the period	35	336
Adjustment in respect of prior periods	(1)	(10)
Total current income tax	<u>34</u>	<u>326</u>
<i>Deferred tax:</i>		
Capital allowances in excess of depreciation	98	1
Other timing differences	(2)	(7)
Change in deferred tax rate	31	34
Adjustment in respect of prior periods	(11)	(3)
Total deferred tax	<u>116</u>	<u>25</u>
Tax expense in the income statement	<u>150</u>	<u>351</u>

b) Reconciliation of the total tax charge

The current tax charge for the period is lower (2021: higher) than the standard rate of corporation tax of 19% (2021: 19%). The differences are explained below:

	31 December 2022 £000	31 December 2021 £000
Profit on ordinary activities before taxation	<u>852</u>	<u>1,680</u>
Current tax at 19% (2021: 19%)	<u>162</u>	<u>319</u>
<i>effects of:</i>		
Other permanent differences	6	2
Non-Qualifying depreciation	8	8
Restatement of deferred tax	(25)	34
Adjustment in respect of prior periods	(1)	(12)
Total tax expense reported in the income statement	<u>150</u>	<u>351</u>

c) Provision for deferred tax

	31 December 2022 £000	31 December 2021 £000
Provision at start of period	(142)	(115)
(Debit) / Credit to the income statement	(114)	(27)
Undiscounted deferred tax liability at 31 December	<u>(256)</u>	<u>(142)</u>

Deferred taxation comprises:

	31 December 2022 £000	31 December 2021 £000
Accelerated capital allowances	(237)	(119)
Other temporary differences	(19)	(21)
Undiscounted deferred tax liability at 31 December	<u>(256)</u>	<u>(140)</u>

The Company has tax capital losses of £3,050,947 carried forward as at 31 December 2022 (2021: £3,050,947).

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.

Notes to the financial statements (continued)

Factors that may affect future tax charges

The UK Government announced on 3 March 2022 its intention to increase the UK corporation tax rate from 19% to 25% from 1 April 2023. At the date of approval of this report, this was substantively enacted and as such deferred tax has been calculated based on the rate of 25%.

10. Dividends paid

The Company paid dividends in the 2022 financial year of £500,000 (2021: £2,500,000). These corresponded to £7.33 per share (2021: £36.67 per share).

11. Tangible assets

	Freehold land and buildings £000	Short Leasehold improvements £000	Motor vehicles £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost					
At 1 January 2022	1,324	437	26	3,804	5,591
Additions	10	11	15	745	781
Disposals	(2)	(15)	-	(298)	(315)
At 31 December 2022	1,332	433	41	4,251	6,057
Depreciation					
At 1 January 2022	820	390	23	2,815	4,048
Charge for period	42	7	5	344	398
Disposals	(2)	(14)	-	(249)	(265)
At 31 December 2022	860	383	28	2,910	4,181
Net book value					
At 31 December 2022	472	50	13	1,341	1,876
At 31 December 2021	504	47	3	989	1,543

The Company acts as a lessor on an insignificant portion of an owner occupied building. This building represents a mixed use property and not classified as an investment property. The value of rentals earned on this during the year are £100,000 (2021 - £70,000). The Company has exercised a break clause on this lease effective from October 2023.

Notes to the financial statements (continued)

12. Right of Use assets

	Leasehold land and buildings £000	Motor Vehicles £000	Total £000
Cost			
At 1 January 2022	2,339	1,138	3,477
Additions	-	343	343
Modification	(103)	11	(92)
Disposals	-	(674)	(674)
At 31 December 2022	2,236	818	3,054
Depreciation			
At 1 January 2022	763	753	1,516
Charge for period	278	242	520
Modification	54	3	57
Disposals	-	(674)	(674)
At 31 December 2022	1,095	324	1,419
Net book value			
At 31 December 2022	1,141	494	1,635
At 31 December 2021	1,576	385	1,961

13. Fixed asset investments

	31 December 2022 £000	31 December 2021 £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
BWL (Racing) Invest 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%
BWT Racing Limited	England and Wales	Non-trading	Ordinary	100%

BWT Racing Limited is a 100% subsidiary of BWL (Racing) Invest Limited.

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

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

	Shares in group undertakings £000
Cost	
At 1 January 2022 and 31 December 2022	8,209
Impairment	
At 1 January 2022 and 31 December 2022	8,209
Net book value	
At 1 January 2022 and 31 December 2022	-

Notes to the financial statements (continued)

14. Inventories

	31 December 2022 £000	31 December 2021 £000
Raw materials	2,726	3,422
Work in progress	56	4
Finished goods and goods for resale	733	516
	<u>3,515</u>	<u>3,942</u>

The inventories are shown net of a provision for slow moving stock of £400,000 (2021: £395,000).

15. Trade and other receivables

	31 December 2022 £000	31 December 2021 £000
Amounts falling due within one year:		
Trade receivables	1,732	1,509
Amounts owed by group undertakings	980	784
Prepayments and accrued income	282	226
	<u>2,994</u>	<u>2,519</u>

The amounts owed by group undertakings are non-interest bearing and are normally settled on 30 day terms.

	31 December 2022 £000	31 December 2021 £000
Ageing of gross trade receivables from due date:		
Not Due	1,247	1,390
0 to 1 month	453	309
1 to 3 months	136	98
Over 3 months	68	29
	<u>1,904</u>	<u>1,826</u>

The credit loss allowance recognised on gross debtors using the simplified model was £172,000 (2021: £177,000).

16. Creditors: amounts falling due within one year

	31 December 2022 £000	31 December 2021 £000
Trade creditors	2,825	2,850
Amounts owed to group undertakings	15	25
Other taxes and social security	144	274
Accruals	422	473
Contract liabilities	995	828
Lease liabilities	480	450
	<u>4,881</u>	<u>4,900</u>

The amounts owed by group undertakings are non-interest bearing and are normally settled on 30 day terms.

Notes to the financial statements (continued)

17. Creditors: amounts falling after more than one year

	31 December 2022 £000	31 December 2021 £000
Lease liabilities	1,322	1,631

18. Leases

The Company has lease contracts for various items of property and vehicles used in its operations. Leases of property generally have lease terms of 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Leasehold Property £000	Motor Vehicles £000	Total £000
As at 1 January 2022	1,576	385	1,961
Additions	-	343	343
Modification	(157)	8	(149)
Depreciation Expense	(278)	(242)	(520)
At 31 December 2022	1,141	494	1,635

Set out below are the carrying amounts of lease liabilities (included obligations under finance leases) and the cashflow movements during the period:

	£000
As at 1 January 2022	2,081
Additions	205
Accretion of interest	49
Payments	(533)
At 31 December 2022	1,802

These are included in:

Creditors: amounts falling due within one year (note 16)	480
Creditors: amounts falling due after more than one year (note 17)	1,322
	1,802

The table below summarises the maturity profile of the Company's lease liabilities based on gross contractual undiscounted cashflows:

	£000
not later than 1 year	506
after 1 year but not more than 5 years	1,298
after five years	88
Total lease liabilities (undiscounted)	1,892
Impact of finance expenses	(90)
As at 31 December 2022	1,802

Notes to the financial statements (continued)

The following are the amounts recognised in profit or loss:

	£000
Depreciation expense of right-of-use assets	521
Interest expense on lease liabilities	49
Expense relating to short term liabilities (included in cost of sales)	4
Expense relating to short term liabilities (included in selling and distribution expenses)	56
Expense relating to short term liabilities (included in administrative expenses)	3
Expense relating to leases of low-value assets (included in cost of sales)	7
Expense relating to leases of low-value assets (included in selling and distribution expenses)	3
Expense relating to leases of low-value assets (included in administrative expenses)	10
Total amount recognised in profit or loss	653

Future minimum lease payments due under low value leases as at 31 December 2022 are £44,000 (2021: £41,000) and under short term leases £1,000 (2021: £1,000).

19. Provision for liabilities

	Insurance provision £000	Warranty provision £000	Total £000
Liability at 1 January 2022	110	87	197
Provided in the year	-	14	14
Utilised in the year	(24)	-	(24)
Liability at 31 December 2022	86	101	187

A provision of £101,000 (2021: £87,000) has been recognised for estimated future warranty claims on products sold during the last financial year.

A provision of £86,000 (2021: £110,000) has been recognised for estimated costs arising from current claims, being the excess liability the Company pays as required by its product liability insurance.

20. Called-up share capital

	31 December 2022 £	31 December 2021 £
<i>Allotted, called-up and fully paid</i>		
Equity: 68,184 ordinary shares of £1 each	68,184	68,184

21. Reserves

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

The profit and loss reserves represent profit and loss net of distribution to owners.

22. Pension Scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £149,000 (2021: £135,000).

The Company had an outstanding liability of £27,000 in respect of Company and employee contributions to be paid into the scheme at the financial year end (2021: £23,000).

23. Ultimate parent company

The immediate holding company is BWT Holding GmbH, 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 Holding GmbH. Copies of the financial statements of this group are available from A-5310 Mondsee, Walter-Simmer-Strasse 4.