

Brita Water Filter Systems Limited

Report and Financial Statements

31 December 2013

TUESDAY



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COMPANIES HOUSE

Directors

R Belz
M Hankammer
C Seabrook

Secretary

H J Siegrist

Auditors

Ernst & Young LLP
Apex Plaza
Reading RG1 1YE

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Solicitors

Hill Hofstetter LLP
Trigen House
Central Boulevard
Blythe Valley Park
Solihull B90 8AB

Registered Office

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9 Granville Way
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Oxfordshire
OX26 4JT

Registered No. 2700375

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

Results and dividends

The profit for the year after taxation amounted to £1,548,709 (2012 – profit of £1,077,693). No dividends were paid in the year (2012 – £3,700,000) and the directors do not recommend a final dividend is declared for approval at the AGM (2012 – £nil).

Events since the balance sheet date

On 01 January 2014, Brita Water Filter Systems Limited (BWFS) acquired the entire business of its sister company Brita Manufacturing (UK) Limited for a purchase consideration of £3,932,999. The consideration was paid in full on 31 March 2014. The net book value of net assets acquired is £1,832,356 and being a group reorganisation within the Brita group it is the intention of the Directors to merger account for the acquisition with an immediate write off of goodwill to reserves in the 2014 accounts. In order to help fund the acquisition no dividend was paid by BWFS in 2013 and the balance of the consideration was funded using internal resources.

Going concern

The company's business activities, together with the factors likely to affect its future development are discussed in the Strategic report.

The company is cash generative and has a diversified customer base across its divisions. As a consequence, the directors believe the company is well placed to manage its business risks successfully.

As noted above any requirement to fund working capital can be met by short term interest bearing advances from BWFS' parent company.

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 in preparing the annual financial statements.

Directors

The directors who served the company during the year were as follows:

R Belz
M Hankammer
C Seabrook

The company is a wholly owned subsidiary of Brita GmbH. M Hankammer is also a director of the parent undertaking.

Political and charitable contributions

In February 2013 the Brita Community Fund made a donation of £17,213 to Bardwell School in Bicester. Of this £7,213 was raised through fund raising by Brita employees during 2012 with fund matching by the company. The children at the school have varying degrees of disability.

In 2013 the company made a donation to The Kids Cookery School of £15,000. The Kids' Cookery School's mission is to give every child in the UK a unique and fun cooking experience in order to help them make informed choices about food and give them an understanding around health and diet.

The company also continued to contribute to the Gumboots Foundation, which is a charity supporting projects to help alleviate poverty in South Africa, donating £24,000 during the year. Other charitable donations amounted to £3,640.

Directors' report (Continued)

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

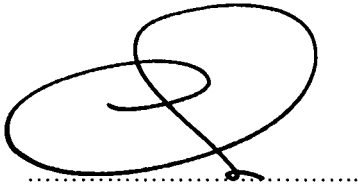
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as auditors.

The accounts were approved by the Board of Directors and authorised for issue on 4th July 2014. They were signed on behalf of the Board of Directors by:



C Seabrook
Director

4th July 2014

Strategic Report

The directors present their strategic report for the year ended 31 December 2013.

Principal activities and review of the business

The principal activity of the company during the year was the sale of water filtration products.

The company's key financial and other performance indicators during the year were as follows:

	2013 £000	2012 £000	Change
Turnover	49,064	46,739	5.0%
Operating profit	2,134	1,514	40.9%
Market share	81.5%	78%	3.5%

Company turnover grew by 5%. Home division sales were up 7% on 2012 with Professional division sales down by 2.4%.

Gross margin percentage increased from 26.7% to 28.6%.

A key non-financial measure monitored by the business is Brita's share of the jug water filter market and during the year Brita's market share increased to 81.5%.

Principal risks and uncertainties

Despite improvements in the economy the retail environment remained highly competitive and consequently trading conditions in 2013 remained challenging. As a result continued strong control of the business (especially costs) is required and to facilitate this the company has implemented the SAP ERP computer system with effect from 1st January 2014. The non - capitalised costs of this of £938,324 (2012:£90,762) are included in administrative costs.

The main financial risk to which the company is exposed is credit risk.

The company's credit risk covers a wide spectrum, from large retailers to small independent businesses. Standard credit control procedures are applied with regular checks on payment history and checks to ensure credit worthiness procedures are satisfied through the use of credit referencing agencies.

The company is also exposed to interest rate and liquidity risk but these are considered to be low risks due to the generally low level of any borrowings. Any short term working capital needs can be covered by interest bearing loans from the company's parent, Brita GmbH. The variability in profits due to fluctuations in interest on short term borrowings or deposits is not considered material by the directors.

The company has no third party borrowings. Should any unanticipated need for funding arise the company is able to borrow funds from its immediate parent company Brita GmbH, which is willing and able to provide support. At the balance sheet date the company had an intercompany borrowing of £nil (2012 – £3,000,000).

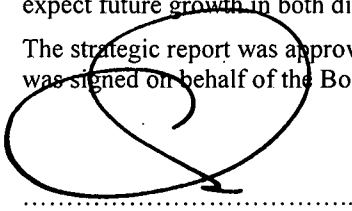
Year End Position

The year end balance sheet reflects the high level of sales in the last two months of 2013 with the debtors figure at over £16m. The creditors figure has not increased significantly on the prior year and this reflects the repayment of the prior year £3m intercompany borrowing during the year. The debtors have been realised during the ordinary course of business in the first quarter of 2014.

Future developments

The directors aim to continue the policies which have led to the company's market leadership position and expect future growth in both divisions.

The strategic report was approved by the Board of Directors and authorised for issue on 4th July 2014. It was signed on behalf of the Board of Directors by:



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C Seabrook
Director

4th July 2014

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report, the Strategic 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Independent auditor's report

to the members of Brita Water Filter Systems Limited

We have audited the financial statements of Brita Water Filter Systems Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report (continued)

to the members of Brita Water Filter Systems Limited

Matters on which we are required to report by exception

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

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



David Brown (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

4th July 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	49,063,635	46,738,922
Cost of sales		(35,011,458)	(34,245,328)
Gross profit		14,052,177	12,493,594
Distribution costs		(9,069,590)	(9,157,728)
Administrative expenses - general		(1,910,297)	(1,731,571)
Administrative expenses – SAP ERP implementation		(938,324)	(90,762)
Administrative expenses - total		(2,848,621)	(1,822,333)
Operating profit	3	2,133,966	1,513,533
Interest receivable and similar income	6	5,720	6,045
Interest payable and similar charges	7	(11,611)	(14,365)
Profit on ordinary activities before taxation		2,128,075	1,505,213
Tax	8	(579,366)	(427,520)
Profit for the financial year	15	1,548,709	1,077,693

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,548,709 in the year ended 31 December 2013 (2012 – profit of £1,077,693).

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	10	4,897,004	4,707,066
Current assets			
Stocks	11	1,886,308	1,268,922
Debtors	12	16,347,195	13,969,062
Cash at bank		1,814,694	2,863,048
		20,048,197	18,101,032
Creditors: amounts falling due within one year	13	15,774,832	15,186,438
Net current assets		4,273,401	2,914,594
Total assets less current liabilities		9,170,369	7,621,660
Capital and reserves			
Called up share capital	14	700,000	700,000
Profit and loss account	15	8,470,369	6,921,660
Shareholders' funds	15	9,170,369	7,621,660



C Seabrook

Director

4th July 2014

Statement of cash flows

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	16(a)	(10,496)	2,217,825
Returns on investments and servicing of finance	16(b)	(5,891)	(8,320)
Taxation	16(c)	(406,036)	(659,177)
Capital expenditure and financial investment	16(d)	(625,931)	(201,173)
Equity dividends paid	9	—	(3,700,000)
Decrease in cash		<u>(1,048,354)</u>	<u>(2,350,845)</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2013 £	2012 £
(Decrease) in cash		<u>(1,048,354)</u>	<u>(2,350,845)</u>
Movement in net funds		<u>(1,048,354)</u>	<u>(2,350,845)</u>
Net funds at 1 January	16(e)	2,863,048	5,213,893
Net funds at 31 December	16(e)	<u>1,814,694</u>	<u>2,863,048</u>

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	over 25 years
Plant and machinery	–	over 3 to 8 years
Fixtures and fittings	–	over 10 to 25 years
Computer Equipment	–	over 3 years

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

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Stocks

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

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

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

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

Notes to the financial statements (continued)

at 31 December 2013

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2. Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, net of value added tax and trade discounts. Turnover is attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2013	2012
	£	£
UK	48,745,694	46,320,953
Rest of World	317,941	417,969
	<u>49,063,635</u>	<u>46,738,922</u>

3. Operating profit

This is stated after charging/(crediting):

	2013	2012
	£	£
Auditors' remuneration – audit	43,200	42,400
– taxation and accounting services	23,150	18,245
– training services	–	8,750
Depreciation of owned fixed assets	301,902	488,771
Loss on disposal of fixed assets	134,092	13,137
Income received from Brita GmbH for eShop UK	–	(294,531)
Operating lease rentals – plant and machinery	65,289	82,989
Net loss / (gain) on foreign currency translations	566	(374)

The foreign currency translation is credited to cost of sales in the profit and loss account.

Notes to the financial statements (continued)

at 31 December 2013

4. Directors' remuneration

	2013	2012
	£	£
Remuneration	83,191	184,471
Aggregate amounts receivable under long term incentive plans	-	11,614
	<u>83,191</u>	<u>196,085</u>
Value of company pension contributions to money purchase schemes	<u>7,151</u>	<u>15,939</u>
	No.	No.
Members of defined contribution pension schemes	<u>1</u>	<u>1</u>

Directors remuneration is shown after a total recharge to Brita GmbH group of £131,944 (2012:Nil).

Certain directors of the company are also directors or officers of other companies within the Brita GmbH group and remunerated by other group companies. These directors' services to the company do not occupy a significant amount of their time. As such these directors do not consider that they receive any remuneration for their incidental services to the company for the years ended 31 December 2012 and 31 December 2013.

5. Staff costs

	2013	2012
	£	£
Wages and salaries	3,520,379	3,109,569
Social security costs	403,837	354,798
Staff pension contributions	220,964	218,667
	<u>4,145,180</u>	<u>3,683,034</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Distribution	49	48
Administration	23	19
	<u>72</u>	<u>67</u>

6. Interest receivable and similar income

	2013	2012
	£	£
Bank interest receivable	5,720	6,045
	<u>5,720</u>	<u>6,045</u>

Notes to the financial statements (continued)

at 31 December 2013

7. Interest payable and similar charges

	2013	2012
	£	£
Corporation tax interest payable	512	1,179
Interest payable to parent company	11,099	13,186
	<u>11,611</u>	<u>14,365</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013	2012
	£	£
Current tax:		
UK corporation tax on the profits of the period	463,149	400,370
Adjustments in respect of previous periods	(4,715)	21,317
Total current tax (note 8(b))	<u>458,434</u>	<u>421,687</u>
Deferred tax:		
Origination and reversal of timing differences	120,477	5,306
Effect of changes in tax rate on opening liability	455	527
Total deferred tax	<u>120,932</u>	<u>5,833</u>
Tax on profit on ordinary activities	<u>579,366</u>	<u>427,520</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%). The differences are reconciled below:

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>2,128,075</u>	<u>1,505,213</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	494,777	368,777
Effects of:		
Expenses not deductible for tax purposes	62,077	59,805
Depreciation in excess of capital allowances	(66,020)	13,332
Adjustments to tax charge in respect of previous years	(4,715)	21,317
Other timing differences	(27,685)	(41,544)
Current tax for the year (note 8(a))	<u>458,434</u>	<u>421,687</u>

Notes to the financial statements (continued)

at 31 December 2013

8. Tax (continued)

(c) Deferred tax (continued)

	£
At 1 January 2013	(1,953)
Profit and loss account	(80,995)
Adjustments in respect of prior years	(39,937)
At 31 December 2013	<u>(122,885)</u>

The deferred tax consists of:

	2013 £	2012 £
Decelerated capital allowances	(142,185)	(61,715)
Other timing differences	19,300	59,762
Total deferred tax liabilities	<u>(122,885)</u>	<u>(1,953)</u>

(d) Factors that may affect future tax charges

The Finance Act 2013 was enacted in July 2013 and included a reduction in the main rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

No further reductions to the rate of Corporation tax have been announced.

As these reductions to the rate were enacted at the balance sheet date, the company has recognised deferred tax applying the rate at which it is expected the assets or liabilities will be realised.

9. Dividends

	2013 £	2012 £
Equity dividends on ordinary shares:		
Prior year proposed dividends declared and paid in the year	—	—
Interim dividend paid in the year	<u>—</u>	<u>3,700,000</u>

Notes to the financial statements (continued)

at 31 December 2013

10. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Computer Equipment</i>	<i>Assets under Construction</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 January 2013	5,628,273	1,394,495	121,920	440,099	148,827	7,733,614
Additions	3,535	3,487	12,997	–	605,912	625,931
Disposals	–	(471,540)	–	–	(134,092)	(605,632)
Transfers	–	20,134	21,652	–	(41,786)	–
At 31 December 2013	<u>5,631,808</u>	<u>946,576</u>	<u>156,569</u>	<u>440,099</u>	<u>578,861</u>	<u>7,753,914</u>
Depreciation:						
At 1 January 2013	1,482,054	1,310,273	67,937	166,285	–	3,026,549
Charge for the year	177,682	54,176	15,300	54,744	–	301,902
Disposals	–	(471,540)	–	–	–	(471,540)
At 31 December 2013	<u>1,659,736</u>	<u>892,909</u>	<u>83,237</u>	<u>221,029</u>	<u>–</u>	<u>2,856,911</u>
Net book value:						
At 31 December 2013	<u>3,972,072</u>	<u>53,667</u>	<u>73,333</u>	<u>219,070</u>	<u>578,861</u>	<u>4,897,004</u>
At 1 January 2013	<u>4,146,219</u>	<u>84,221</u>	<u>53,984</u>	<u>273,815</u>	<u>148,827</u>	<u>4,707,066</u>

Included in the net book value of land and buildings is freehold land at a cost of £1,189,773 (2012 – £1,189,773).

Included in assets under construction is computer equipment and software with a net book value of £578,861 which is all related to the implementation of SAP ERP which went live on 1st January 2014.

11. Stocks

	2013	2012
	£	£
Finished goods	<u>1,886,308</u>	<u>1,268,922</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. Debtors

	2013	2012
	£	£
Trade debtors	15,603,230	12,778,060
Amounts owed by group undertakings	532,204	944,740
Other debtors	15,001	55,082
Prepayments and accrued income	196,760	191,180
	<u>16,347,195</u>	<u>13,969,062</u>

Notes to the financial statements (continued)

at 31 December 2013

13. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	1,514,994	1,959,830
Amounts owed to group undertakings	4,015,765	5,700,033
Corporation tax	166,627	114,229
Other taxation	1,707,641	389,041
Accruals and deferred income	8,246,920	7,021,352
Deferred taxation (note 8 (c))	122,885	1,953
	<u>15,774,832</u>	<u>15,186,438</u>

14. Issued share capital

		2013 £		2012 £
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	700,000	<u>700,000</u>	700,000	<u>700,000</u>

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2012	700,000	9,543,967	10,243,967
Profit for the year	–	1,077,693	1,077,693
Dividends	–	(3,700,000)	(3,700,000)
At 1 January 2013	700,000	6,921,660	7,621,660
Profit for the year	–	1,548,709	1,548,709
Dividends	–	–	–
At 31 December 2013	<u>700,000</u>	<u>8,470,369</u>	<u>9,170,369</u>

Notes to the financial statements (continued)

at 31 December 2013

16. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2013	2012
	£	£
Operating profit	2,133,966	1,513,533
Depreciation	301,902	488,771
Loss on disposal of fixed assets	134,092	13,137
(Increase) in stocks	(617,387)	(87,596)
(Increase) in debtors	(2,378,133)	(1,464,636)
Increase in creditors	415,064	1,754,616
Net cash (outflow) / inflow from operating activities	<u>(10,496)</u>	<u>2,217,825</u>

(b) Returns on investments and servicing of finance

	2013	2012
	£	£
Interest received	5,720	6,045
Interest paid	<u>(11,611)</u>	<u>(14,365)</u>
	<u>(5,891)</u>	<u>(8,320)</u>

(c) Taxation

	2013	2012
	£	£
Corporation tax paid	<u>(406,036)</u>	<u>(659,177)</u>

(d) Capital expenditure

	2013	2012
	£	£
Payments to acquire tangible fixed assets	<u>(625,931)</u>	<u>(201,173)</u>

(e) Analysis of net funds

	At 1 January 2013	Cash flow	At 31 December 2013
	£	£	£
Cash at bank and in hand	<u>2,863,048</u>	<u>(1,048,354)</u>	<u>1,814,694</u>

Notes to the financial statements (continued)

at 31 December 2013

17. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	2013	2012
	£	£
Operating leases which expire:		
Within one year	8,060	20,101
In two to five years	48,292	34,058
	<u>56,352</u>	<u>54,159</u>

18. Events since the balance sheet date

On 01 January 2014, Brita Water Filter Systems Limited (BWFS) acquired the entire business of its sister company Brita Manufacturing (UK) Limited for a purchase consideration of £3,932,999. The consideration was paid in full on 31 March 2014. The net book value of net assets acquired is £1,832,356 and being a group reorganisation within the Brita group it is the intention of the Directors to merger account for the acquisition with an immediate write off of goodwill to reserves in the 2014 accounts. In order to help fund the acquisition no dividend was paid by BWFS in 2013 and the balance of the consideration was funded from internal resources.

19. Related party transactions

The company is a wholly owned subsidiary of Brita GmbH. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with wholly owned fellow subsidiary companies of the Brita GmbH Group. On 1st April 2012, Brita GmbH Group acquired a 50.5% share in Vivreau Ltd. Since this date Brita Water Filter Systems Ltd entered into transactions, in the ordinary course of the business, with Vivreau Limited. Transactions entered into, and trading balances outstanding at 31 December 2013, are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
	£	£	£	£
<i>Related Party</i>				
Vivreau Ltd				
2013	<u>124,041</u>	<u>15,789</u>	<u>26,401</u>	<u>0</u>

20. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Hanvest Holding GmbH, a company incorporated in Germany. The only company in the group preparing group financial statements is Brita GmbH (Brita Water Filter Systems Limited's immediate parent); these financial statements are not available to the public.