

WATERCO (EUROPE) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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FOR THE YEAR ENDED 30 JUNE 2022

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COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS:

Mr S S Goh
Mr A L Fisher
Mr B W K Goh

SECRETARY:

G M Doumit

REGISTERED OFFICE:

Radfield
London Road
Teynham
SITTINGBOURNE
ME9 9PS

REGISTERED NUMBER:

04704318 (England and Wales)

AUDITORS:

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The directors present their strategic report for the year ended 30 June 2022.

REVIEW OF BUSINESS

The Company's principal activity during the period was based upon the distribution of swimming pool and water treatment products throughout Europe and the Middle East. The Company continues to supply products and services to OEM, trade and distribution sectors.

The Company's main areas of activity are:

- Swimming Pool
- Water Treatment
- Aquaculture

The swimming industry continues to be the largest sector for which the business provides a wide and diverse range of product lines. Within the water treatment and aquaculture markets growth has exceeded expectations within the company due to its ability to offer bespoke products lines within these sectors.

Our high quality range of products along with exceptional customer service levels have enabled us to continue to support and expand our business.

The Company operations are reviewed on a regular basis by the management team so we ensure that company procedures are being followed or upgraded where necessary.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing Waterco Europe are broadly grouped as competitive along with the unknown trading terms with Europe and forex as a result of the ongoing Brexit negotiations.

COMPETITIVE RISK

The Company competes in an open market environment across the above named sectors. The Company's customers select suppliers based on a combination of factors including price, terms, quality and customer service. The Company has mitigated these risks by, wherever possible, entering into long-term partnerships with a number of its key accounts.

CREDIT RISK

The Company has external debtors; however, the Company undertakes credit insurance and assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

CASH FLOW RISK

The Company manages this risk, by tracking cash on a daily basis, forecasting on a monthly basis and ensuring facilities are available in excess of that forecast.

ON BEHALF OF THE BOARD:

Mr A L Fisher - Director

3 August 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacture and marketing of pool pumps and filters.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2021 to the date of this report.

Mr S S Goh
Mr A L Fisher
Mr B W K Goh

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2022

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr A L Fisher - Director

3 August 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATERCO (EUROPE) LIMITED

Opinion

We have audited the financial statements of Waterco (Europe) Limited (the 'company') for the year ended 30 June 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 30 June 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WATERCO (EUROPE) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATERCO (EUROPE) LIMITED

Auditors' 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 a Report of the Auditors 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 partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with management and our experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including, but not limited to, the Companies Act 2006 and UK tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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;
- 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:

- 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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual 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;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and Companies House records.

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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WATERCO (EUROPE) LIMITED

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

3 August 2022

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | 30.6.22 £ | £ | 30.6.21 £ | £ |
|--|-------|--------------|------------------|--------------|------------------|
| TURNOVER | 4 | | 7,786,306 | | 8,042,779 |
| Cost of sales | | | <u>5,273,441</u> | | <u>5,387,793</u> |
| GROSS PROFIT | | | 2,512,865 | | 2,654,986 |
| Administrative expenses | | | <u>1,363,351</u> | | <u>1,356,177</u> |
| | | | 1,149,514 | | 1,298,809 |
| Other operating income | | | - | | 88,687 |
| OPERATING PROFIT | 6 | | <u>1,149,514</u> | | <u>1,387,496</u> |
| Income from fixed asset investments | | 72,996 | | - | |
| Interest receivable and similar income | | <u>-</u> | | <u>74</u> | |
| | | | 72,996 | | 74 |
| PROFIT BEFORE TAXATION | | | <u>1,222,510</u> | | <u>1,387,570</u> |
| Tax on profit | 8 | | <u>234,087</u> | | <u>265,419</u> |
| PROFIT FOR THE FINANCIAL YEAR | | | <u>988,423</u> | | <u>1,122,151</u> |

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | | |
|--|----------------|------------------|
| | 30.6.22 | 30.6.21 |
| Notes | £ | £ |
| PROFIT FOR THE YEAR | 988,423 | 1,122,151 |
| OTHER COMPREHENSIVE INCOME | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>988,423</u> | <u>1,122,151</u> |

STATEMENT OF FINANCIAL POSITION
30 JUNE 2022

| | Notes | 30.6.22 £ | £ | 30.6.21 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 112,240 | | 121,321 |
| Investments | 10 | | <u>-</u> | | <u>-</u> |
| | | | 112,240 | | 121,321 |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 2,684,732 | | 1,658,269 | |
| Debtors | 12 | 3,909,588 | | 2,947,459 | |
| Cash at bank and in hand | | <u>313,687</u> | | <u>275,903</u> | |
| | | 6,908,007 | | 4,881,631 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>2,959,198</u> | | <u>1,929,210</u> | |
| NET CURRENT ASSETS | | | <u>3,948,809</u> | | <u>2,952,421</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 4,061,049 | | 3,073,742 |
| PROVISIONS FOR LIABILITIES | 16 | | <u>11,298</u> | | <u>12,414</u> |
| NET ASSETS | | | <u>4,049,751</u> | | <u>3,061,328</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 17 | | 250,000 | | 250,000 |
| Retained earnings | 18 | | <u>3,799,751</u> | | <u>2,811,328</u> |
| SHAREHOLDERS' FUNDS | | | <u>4,049,751</u> | | <u>3,061,328</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 3 August 2022 and were signed on its behalf by:

Mr A L Fisher - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 July 2020 | 250,000 | 1,689,177 | 1,939,177 |
| Changes in equity | | | |
| Total comprehensive income | - | 1,122,151 | 1,122,151 |
| Balance at 30 June 2021 | 250,000 | 2,811,328 | 3,061,328 |
| Changes in equity | | | |
| Total comprehensive income | - | 988,423 | 988,423 |
| Balance at 30 June 2022 | 250,000 | 3,799,751 | 4,049,751 |

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

| | Notes | 30.6.22 £ | 30.6.21 £ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (660,753) | 781,261 |
| Tax paid | | <u>(235,202)</u> | <u>(238,566)</u> |
| Net cash from operating activities | | <u>(895,955)</u> | <u>542,695</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (19,572) | (12,974) |
| Interest received | | <u>-</u> | <u>74</u> |
| Net cash from investing activities | | <u>(19,572)</u> | <u>(12,900)</u> |
| Cash flows from financing activities | | | |
| Increase in inter-group loans | | 880,315 | - |
| Repayments of inter-group loans | | - | (373,082) |
| Inter-group loan write off | | <u>72,996</u> | <u>-</u> |
| Net cash from financing activities | | <u>953,311</u> | <u>(373,082)</u> |
| Increase in cash and cash equivalents | | <u>37,784</u> | <u>156,713</u> |
| Cash and cash equivalents at beginning of year | 2 | 275,903 | 119,190 |
| Cash and cash equivalents at end of year | 2 | <u>313,687</u> | <u>275,903</u> |

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | | |
|---------------------------------------|------------------|------------------|
| | 30.6.22 | 30.6.21 |
| | £ | £ |
| Profit before taxation | 1,222,510 | 1,387,570 |
| Depreciation charges | 28,652 | 27,242 |
| Finance income | (72,996) | (74) |
| | <u>1,178,166</u> | <u>1,414,738</u> |
| (Increase)/decrease in stocks | (1,026,463) | 103,196 |
| Increase in trade and other debtors | (920,992) | (1,087,102) |
| Increase in trade and other creditors | <u>108,536</u> | <u>350,429</u> |
| Cash generated from operations | <u>(660,753)</u> | <u>781,261</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 June 2022

| | | |
|---------------------------|----------------|----------------|
| | 30.6.22 | 1.7.21 |
| | £ | £ |
| Cash and cash equivalents | <u>313,687</u> | <u>275,903</u> |

Year ended 30 June 2021

| | | |
|---------------------------|----------------|----------------|
| | 30.6.21 | 1.7.20 |
| | £ | £ |
| Cash and cash equivalents | <u>275,903</u> | <u>119,190</u> |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | | | |
|--------------------------|----------------|---------------|----------------|
| | At 1.7.21 | Cash flow | At 30.6.22 |
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank and in hand | <u>275,903</u> | <u>37,784</u> | <u>313,687</u> |
| | <u>275,903</u> | <u>37,784</u> | <u>313,687</u> |
| Total | <u>275,903</u> | <u>37,784</u> | <u>313,687</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. STATUTORY INFORMATION

Waterco (Europe) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Waterco (Europe) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Waterco Limited, 36 South Street, Rydalmere, NSW, 2116, Australia.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets and the valuation of the investment in the subsidiary company.

Turnover

Turnover represents net invoiced sales of goods after taking account of any trade discounts and volume rebates, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---------------------|---------------|
| Buildings | - 2% on cost |
| Plant and machinery | - 10% on cost |
| Office equipment | - 10% on cost |
| Motor vehicles | - 25% on cost |
| Computer equipment | - 25% on cost |

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES - continued

Stocks

All stocks are valued at the lower of cost and net realisable value, using the FIFO method, after making due allowance for obsolete and slow moving items. Cost is valued after apportioning expenditure incurred in bringing the items to their present location.

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like plant and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

Inventories are also assessed for impairment at each reporting date. Each item of inventory is compared to the last sold date and an impairment loss recognised on a percentage basis in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 30.6.22 | 30.6.21 |
|--------------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 2,610,651 | 3,465,864 |
| European Community | 4,457,848 | 3,982,487 |
| Rest of the World | 717,807 | 594,428 |
| | <u>7,786,306</u> | <u>8,042,779</u> |

5. EMPLOYEES AND DIRECTORS

| | 30.6.22 | 30.6.21 |
|-----------------------|----------------|------------------|
| | £ | £ |
| Wages and salaries | 741,131 | 986,056 |
| Social security costs | 96,609 | 72,111 |
| Other pension costs | 34,344 | 28,555 |
| | <u>872,084</u> | <u>1,086,722</u> |

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

| | 30.6.22 | 30.6.21 |
|----------------|-----------|-----------|
| Production | 5 | 5 |
| Administration | 11 | 11 |
| | <u>16</u> | <u>16</u> |

| | 30.6.22 | 30.6.21 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Directors' remuneration | <u>303,759</u> | <u>338,776</u> |

Information regarding the highest paid director is as follows:

| | 30.6.22 | 30.6.21 |
|----------------|----------------|----------------|
| | £ | £ |
| Emoluments etc | <u>303,759</u> | <u>338,776</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**6. OPERATING PROFIT**

The operating profit is stated after charging:

| | 30.6.22 | 30.6.21 |
|-----------------------------|---------------|---------------|
| | £ | £ |
| Plant hire | 2,019 | 1,847 |
| Depreciation - owned assets | 28,653 | 27,240 |
| Auditors remuneration | <u>13,250</u> | <u>12,100</u> |

7. EXCEPTIONAL ITEMS

| | 30.6.22 | 30.6.21 |
|-------------------|---------------|----------|
| | £ | £ |
| Exceptional items | <u>72,996</u> | <u>-</u> |

In 2020 the French courts closed down Waterco France and as a result the loan was written off in the year.

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

| | 30.6.22 | 30.6.21 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 235,930 | 267,229 |
| Underprovision previous year | - | 281 |
| Overprovision previous year | (1,093) | - |
| Corporation tax interest | <u>365</u> | <u>-</u> |
| Total current tax | 235,202 | 267,510 |
| Deferred taxation | <u>(1,115)</u> | <u>(2,091)</u> |
| Tax on profit | <u>234,087</u> | <u>265,419</u> |

UK corporation tax has been charged at 19% (2021 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 30.6.22 £ | 30.6.21 £ |
|--|------------------|------------------|
| Profit before tax | <u>1,222,510</u> | <u>1,387,570</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%) | 232,277 | 263,638 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,509 | 1,392 |
| Depreciation in excess of capital allowances | 144 | 2,199 |
| Overprovision in previous year | (1,093) | 281 |
| Interest on taxation | 365 | - |
| Deferred tax provision | <u>(1,115)</u> | <u>(2,091)</u> |
| Total tax charge | <u>234,087</u> | <u>265,419</u> |

9. TANGIBLE FIXED ASSETS

| | Buildings £ | Plant and machinery £ | Office equipment £ |
|-----------------------|----------------|-----------------------------|--------------------------|
| COST | | | |
| At 1 July 2021 | 33,105 | 162,235 | 104,565 |
| Additions | - | 16,740 | 2,041 |
| At 30 June 2022 | <u>33,105</u> | <u>178,975</u> | <u>106,606</u> |
| DEPRECIATION | | | |
| At 1 July 2021 | 11,256 | 134,771 | 72,093 |
| Charge for year | 662 | 4,351 | 7,833 |
| At 30 June 2022 | <u>11,918</u> | <u>139,122</u> | <u>79,926</u> |
| NET BOOK VALUE | | | |
| At 30 June 2022 | <u>21,187</u> | <u>39,853</u> | <u>26,680</u> |
| At 30 June 2021 | <u>21,849</u> | <u>27,464</u> | <u>32,472</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

9. **TANGIBLE FIXED ASSETS - continued**

| | Motor vehicles £ | Computer equipment £ | Totals £ |
|-----------------------|------------------------|----------------------------|-------------|
| COST | | | |
| At 1 July 2021 | 62,550 | 544 | 362,999 |
| Additions | - | 791 | 19,572 |
| At 30 June 2022 | 62,550 | 1,335 | 382,571 |
| DEPRECIATION | | | |
| At 1 July 2021 | 23,456 | 102 | 241,678 |
| Charge for year | 15,638 | 169 | 28,653 |
| At 30 June 2022 | 39,094 | 271 | 270,331 |
| NET BOOK VALUE | | | |
| At 30 June 2022 | 23,456 | 1,064 | 112,240 |
| At 30 June 2021 | 39,094 | 442 | 121,321 |

10. **FIXED ASSET INVESTMENTS**

| | Shares in group undertakings £ |
|------------------------|---|
| COST | |
| At 1 July 2021 | 89,286 |
| Disposals | (89,286) |
| At 30 June 2022 | - |
| PROVISIONS | |
| At 1 July 2021 | 89,286 |
| Eliminated on disposal | (89,286) |
| At 30 June 2022 | - |
| NET BOOK VALUE | |
| At 30 June 2022 | - |
| At 30 June 2021 | - |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**11. STOCKS**

| | 30.6.22 | 30.6.21 |
|------------------|------------------|------------------|
| | £ | £ |
| Stocks | 678,610 | 474,504 |
| Work-in-progress | 163 | 1,775 |
| Finished goods | 2,005,959 | 1,181,990 |
| | <u>2,684,732</u> | <u>1,658,269</u> |

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.6.22 | 30.6.21 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 2,983,532 | 2,121,582 |
| Amounts owed by group undertakings | 693,322 | 652,185 |
| VAT | 127,934 | 37,838 |
| Prepayments | 104,800 | 135,854 |
| | <u>3,909,588</u> | <u>2,947,459</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.6.22 | 30.6.21 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 473,327 | 258,123 |
| Amounts owed to group undertakings | 2,138,214 | 1,216,763 |
| Other Taxes and PAYE | 223,307 | 78,114 |
| Other creditors | 1,534 | 44 |
| Subsidiary company loan | - | 72,996 |
| Accruals and deferred income | 122,816 | 303,170 |
| | <u>2,959,198</u> | <u>1,929,210</u> |

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 30.6.22 | 30.6.21 |
|----------------------------|----------------|------------------|
| | £ | £ |
| Within one year | 173,251 | 168,205 |
| Between one and five years | 697,815 | 871,066 |
| | <u>871,066</u> | <u>1,039,271</u> |

15. SECURED DEBTS

HSBC Bank Australia Limited has fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts uncalled, buildings, fixture and fittings and plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**16. PROVISIONS FOR LIABILITIES**

| | | |
|--|---------------|----------------|
| | 30.6.22 | 30.6.21 |
| | £ | £ |
| Deferred taxation | <u>11,298</u> | <u>12,414</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 July 2021 | | 12,414 |
| Credit to Income Statement during year | | <u>(1,116)</u> |
| Balance at 30 June 2022 | | <u>11,298</u> |

17. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|----------------|----------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 30.6.22 | 30.6.21 |
| | | | £ | £ |
| 250,000 | Ordinary | £1 | <u>250,000</u> | <u>250,000</u> |

18. RESERVES

| | |
|---------------------|-------------------|
| | Retained earnings |
| | £ |
| At 1 July 2021 | 2,811,328 |
| Profit for the year | <u>988,423</u> |
| At 30 June 2022 | <u>3,799,751</u> |

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Waterco Limited, a company registered in Australia, which is the ultimate holding company. The group accounts are kept at the Head-office, 36 South Street, Rydalmere NSW 2116.

Ultimate control rests with the director S. S. Goh, who is also the Managing Director of the parent company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 June 2022 and 30 June 2021:

| | 30.6.22 £ | 30.6.21 £ |
|--------------------------------------|--------------|--------------|
| Mr A L Fisher | | |
| Balance outstanding at start of year | - | - |
| Amounts advanced | - | 300,000 |
| Amounts repaid | - | (300,000) |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>-</u> | <u>-</u> |

During the previous year there was a temporary loan made to one of the directors. £300,000 was loaned for four days and interest was paid at a commercial rate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**21. RELATED PARTY DISCLOSURES**

| | | £ 2022 | £ 2021 |
|--|-------------------|-----------|-----------|
| Sales to Waterco USA Inc | fellow subsidiary | 20,539 | 185 |
| Sales to Waterco Limited | parent company | - | - |
| Sales to Waterco (Far East) Sdn. Bhd. | fellow subsidiary | 6,983 | 21,240 |
| Sales to Waterco Canada Inc | fellow subsidiary | - | - |
| Sales to Waterco France sail | fellow subsidiary | - | - |
| Sales to Waterco Limited (NZ) | fellow subsidiary | - | - |
| Sales to Waterco (C) Limited | fellow subsidiary | - | 85 |
| Sales to Waterco Canada Distribution | fellow subsidiary | 89,205 | 76,551 |
| Purchases from Waterco USA Inc | fellow subsidiary | 8,925 | 5,524 |
| Purchases from Waterco Ltd | parent company | 244 | 11,231 |
| Purchases from Waterco (Far East) Sdn. Bhd | fellow subsidiary | 3,733,846 | 3,674,311 |
| Purchases from Waterco (GZ) Limited | fellow subsidiary | 86,815 | 235,334 |
| Purchases from Waterco Canada Inc | fellow subsidiary | 545 | - |
| Purchases from Waterco France sail | fellow subsidiary | - | - |
| Purchases from Waterco (C) Limited | fellow subsidiary | - | - |

Balances due to and from the above companies as at 30 June 2022 were as follows:

| | | | |
|---------------------------------------|----------------------------|-----------|-----------|
| Due from Waterco (Far East) Sdn. Bhd. | Sales ledger balance | - | 7,050 |
| Due from Waterco USA Inc | Sales ledger balance | 6,948 | 7,890 |
| Due from Waterco France sail | Inter company loan account | - | - |
| Due from Waterco (NZ) Limited | Sales ledger balance | - | - |
| Due from Waterco (C) Limited | Sales ledger balance | - | - |
| Due from Waterco Canada Distribution | Sales ledger balance | 57,304 | 12,755 |
| Due from Waterco Limited | Inter company loan account | 624,490 | 624,490 |
| Due to Waterco Limited | Inter company loan account | 35,927 | - |
| Due to Waterco (Far East) Sdn. Bhd. | Purchase ledger balance | 2,102,287 | 1,139,470 |
| Due to Waterco France sail | Inter company loan account | - | 72,996 |
| Due to Waterco (C) Ltd | Purchase ledger balance | (4,579) | - |
| Due to Waterco (GZ) Ltd | Purchase ledger balance | - | 77,292 |

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Waterco Limited, a company registered in Australia, which is the ultimate parent company. The group accounts are available at the Head Office, 36 South Street, Rydalmere, NSW, 2116, Australia.

Ultimate control rests with the Director, S. S. Goh, who is also the Managing Director of the parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.