

Registered No: 4824313

Brita Manufacturing (UK) Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

Brita Manufacturing (UK) Limited

Registered No: 4824313

Directors

D Banfield
R Belz
M Hankammer
C West

Secretary

H J Siegrist

Auditors

Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

Bankers

Bayerische Hypo-und-Vereinsbank AG
Moor House
120 London Wall
London
EC2Y 5ET

Registered office

Brita House
9 Granville Way
Bicester
Oxon
OX26 4JT

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year, after taxation, amounted to £696,249 (2007: profit of £853,995). The directors do not recommend the payment of any dividends (2007: £nil).

Principal activities and review of the business

The principal activity of the company during the year was the manufacture of water filtration cartridges for the Brita Group. The company is one of three main plants for Brita Group and is dependent for sales on demand from the sales and distribution entities within the Group.

In 2008 sales were invoiced in euros and increased by £4.1 million due to having a full years utilisation of the new production line installed in 2007 and also due to the strength of the euro against sterling. Operating profit was down against last year impacted by increases in raw material prices (affected by commodity prices and the strength of the euro) and also costs associated with the implementation of a new ERP system.

The company monitors its production efficiency using KPIs including reject rates and standard costs.

Future developments

The directors aim to maintain the management policies which have resulted in the company's profitable results.

Principle risks and uncertainties

The principle risk to the business is the variability in demand for its products from the group's sales and distribution entities, which is itself a function of market demand.

The company is also affected by the raw material prices affecting plastics and other ingredients of its products.

Throughout 2008 sales and the majority of cost of sales were denominated in euros and this net exposure was the most significant financial risk to which the company was exposed. From 1 January 2009 sales have been denominated in sterling.

The company is partly financed by an interest bearing loan from Brita Water Filter Systems Ltd. (BWFS) (its sister company). This loan is nominally short term, but the directors of BWFS have agreed to allow repayment of the loan from the company's natural cash generation. The loan pays interest at variable rates, but this risk is not considered material by the directors.

Directors

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

D Banfield	
R Belz	
U Belz	(Resigned 19 th August 2008)
M Hankammer	
C West	(Appointed 12 th September 2008)

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

Directors' report (continued)

Directors' liability

The company has provided insurance for one or more of the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party provisions were in force during the year and are in force as at the date of approving the director's report.

Donations

In 2008 the company saved money by holding their year end conference in-house. These savings were donated to Water Aid, a charity which helps to provide cleaner drinking water in poorer countries. The amount donated in 2008 was £2,500. In addition £375 was donated to other charities.

No other charitable donations were made in the year.

Directors' statement as to disclosure of information to auditors

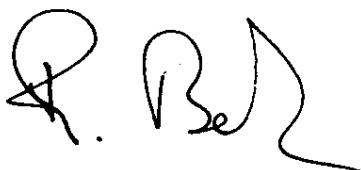
The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



R Belz
Director

Date: 24th June 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 those 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Brita Manufacturing (UK) Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Brita Manufacturing (UK) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Reading

Date: *3 July 2009*

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	3	15,049,257	10,910,184
Cost of sales		13,195,123	8,903,678
Gross profit		1,854,134	2,006,506
Distribution costs		84,005	230,880
Administrative expenses		756,505	447,564
Operating profit	4	1,013,624	1,328,062
Interest receivable	7	3,036	7,702
Interest payable and similar charges	8	(50,764)	(150,254)
		(47,728)	(142,552)
Profit on ordinary activities before taxation		965,896	1,185,510
Tax on profit on ordinary activities	9	269,647	331,515
Profit retained for the financial year		696,249	853,995

All amounts relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31 December 2008

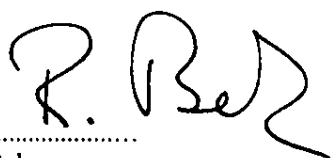
There are no recognised gains or losses other than the profit of £696,249 attributable to the shareholders for the year ended 31 December 2008 (2007: profit of £853,995).

Balance sheet

at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	10	3,228,774	3,654,272
Current assets			
Stocks	11	849,059	483,024
Debtors	12	66,801	946,883
Cash at bank		147,322	60,342
		<u>1,063,182</u>	<u>1,490,249</u>
Creditors: amounts falling due within one year	13	1,103,670	2,646,008
Net current liabilities		<u>(40,488)</u>	<u>(1,155,759)</u>
Total assets less current liabilities		3,188,286	2,498,513
Provisions for liabilities and charges	14	297,529	304,005
		<u>2,890,757</u>	<u>2,194,508</u>
Capital and reserves			
Called up share capital	17	700,000	700,000
Profit and loss account	18	2,190,757	1,494,508
Shareholders' funds	18	<u>2,890,757</u>	<u>2,194,508</u>

Approved by the Board



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R Belz
Director

Date: 24th June 2009

Statement of cash flows

for the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	19(a)	674,108	1,819,567
Returns on investments and servicing of finance	19(b)	3,036	5,962
Taxation	19(c)	(392,112)	(182,682)
Capital expenditure and financial investment	19(d)	(198,052)	(1,593,780)
Increase in cash		<u>86,980</u>	<u>49,067</u>

Reconciliation of net cash flow to movement in net funds

		2008 £	2007 £
Increase in cash		86,980	49,067
Movement in net funds		<u>89,980</u>	<u>49,067</u>
Net funds at 1 January	19(e)	60,342	11,275
Net funds at 31 December	19(e)	<u>147,322</u>	<u>60,342</u>

Notes to the financial statements

at 31 December 2008

1. Fundamental accounting concept - going concern

The directors are of the opinion that the going concern basis is the appropriate basis for the preparation of the financial statements. At the year end the company has net current liabilities of £40,488 (2007: £1,155,759). Included within current liabilities is a liability of £214,761 (2007: £1,643,776) owed to its sister company, Brita Water Filter Systems Limited. Brita Water Filter Systems Limited have confirmed that they will not require payment of this amount for a period covering at least 12 months from the date of signature of the financial statements should Brita Manufacturing (UK) Limited not be in a position to pay its debts as they fall due.

The going concern concept is adopted on the basis that the directors consider that the future operating cash flows generated, together with the financial support outlined above, is adequate to ensure that the company will meet its liabilities as and when they fall due for a period of at least 12 months from the date of signing of these statutory financial statements.

2. Accounting policies

Basis of preparation

The financial statements of Brita Manufacturing (UK) Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, 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:

Plant and machinery	- over 3 to 8 years
Fixtures and fittings	- over 10 years

Stocks

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

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. The following criteria must also be met before revenue is recognised:

Sale of goods

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

Notes to the financial statements

at 31 December 2008

2. Accounting policies (continued)

Deferred taxation

Deferred tax 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 a right to pay less or to receive more, tax, with the following exception:

- 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.

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 into the profit and loss account as incurred.

Pension costs

The company's sister company, Brita Water Filter Systems Limited, operates a defined contribution pension scheme to which employees of Brita Manufacturing (UK) Limited can belong. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.

3. 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:

	2008 £	2007 £
Germany	<u>15,049,257</u>	<u>10,910,184</u>

4. Operating profit

This is stated after charging/(crediting):

	2008 £	2007 £
Auditors' remuneration - audit of the financial statements	10,800	9,300
- taxation services	<u>5,670</u>	<u>—</u>
Depreciation of owned fixed assets	<u>623,550</u>	<u>556,078</u>
Operating lease rentals - plant and machinery	<u>43,299</u>	<u>39,193</u>
Net profit on foreign currency translation	<u>(81,693)</u>	<u>(41,528)</u>

Notes to the financial statements

at 31 December 2008

5. Staff costs

	2008 £	2007 £
Wages and salaries	1,184,077	962,079
Social security costs	114,502	93,923
Staff pension contributions	26,615	23,608
	<u>1,325,194</u>	<u>1,079,610</u>

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

	2008 No.	2007 No.
Production staff	25	20
Distribution staff	23	20
Administrative staff	4	4
	<u>52</u>	<u>44</u>

6. Directors' emoluments

	2008 £	2007 £
Emoluments	<u>22,093</u>	<u>—</u>
Value of company pension contributions to money purchase schemes	<u>1,275</u>	<u>—</u>
	2008 No.	2007 No.
Members of money purchase pension schemes	<u>1</u>	<u>—</u>

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 2007 and 31 December 2008.

7. Interest receivable

	2008 £	2007 £
Bank interest receivable	3,036	763
Other interest receivable	—	6,939
	<u>3,036</u>	<u>7,702</u>

Notes to the financial statements

at 31 December 2008

8. Interest payable and similar charges

	2008 £	2007 £
Interest payable to fellow subsidiary	50,764	148,514
Other interest payable	–	1,740
	<u>50,764</u>	<u>150,254</u>

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	2008 £	2007 £
<i>Current tax:</i>		
UK corporation tax on profits of the period	292,533	276,068
Adjustments in respect of previous periods	(16,410)	(6,390)
Total current tax (note 9(b))	<u>276,123</u>	<u>269,678</u>
<i>Deferred tax:</i>		
Originating and reversal of timing differences	(12,027)	61,837
Effect of changes in tax rate on opening liability	5,551	–
Tax on profit on ordinary activities	<u>269,647</u>	<u>331,515</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the effective rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>965,896</u>	<u>1,185,510</u>
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 28.5% (2007: 30%)	275,280	355,653
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,701	1,530
Depreciation in excess of capital allowances	12,981	(81,115)
Adjustments in respect of previous periods	(16,410)	(6,390)
Other timing differences	571	–
Total current tax (note 9(a))	<u>276,123</u>	<u>269,678</u>

Notes to the financial statements

at 31 December 2008

9. Taxation on ordinary activities (continued)

(c) Provision for deferred tax

	£
At 1 January 2008	(304,005)
Profit and loss account	13,313
Adjustments in respect of prior years	(6,837)
At 31 December 2008	<u>(297,529)</u>

The deferred tax consists of:

	2008 £	2007 £
Accelerated capital allowances	(298,089)	(304,005)
Other timing differences	560	—
Provision for deferred tax liabilities	<u>(297,529)</u>	<u>(304,005)</u>

From financial year 2008, the UK corporation tax rate reduced from 30% to 28%. This rate change affected the amount of future cash tax payments to be made by the company. The deferred tax liability brought and carried forward has been calculated at 28%.

From 1 April 2008, the rate of capital allowances reduced from 25% to 20%.

Notes to the financial statements

at 31 December 2008

10. Tangible fixed assets

	<i>Assets under construction</i>	<i>Plant & machinery</i>	<i>Fixtures & fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£		£	£
<i>Cost:</i>					
At 1 January 2008	32,828	4,723,160	27,163	371	4,783,522
Additions	100,991	95,405	1,656	–	198,052
Transfers	(94,680)	94,680	–	–	–
Disposals	–	–	–	(371)	(371)
At 31 December 2008	39,139	4,913,245	28,819	–	4,981,203
<i>Depreciation:</i>					
At 1 January 2008	–	1,122,677	6,202	371	1,129,250
Provided during the year	–	620,696	2,854	–	623,550
Disposals	–	–	–	(371)	(371)
At 31 December 2008	–	1,743,373	9,056	–	1,752,429
<i>Net book value:</i>					
At 31 December 2008	39,139	3,169,872	19,763	–	3,228,774
At 1 January 2008	32,828	3,600,483	20,961	–	3,654,272

11. Stocks

	2008	2007
	£	£
Raw materials	849,059	483,024

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

12. Debtors

	2008	2007
	£	£
Amounts owed by group undertakings	53,176	920,232
Other debtors	–	6,909
Prepayments and accrued income	13,625	19,742
	66,801	946,883

Notes to the financial statements

at 31 December 2008

13. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	296,870	468,170
Amounts owed to group undertakings	606,039	1,766,449
Corporation tax	56,893	172,882
Other taxation	57,427	48,279
Accruals and deferred income	86,441	190,228
	<u>1,103,670</u>	<u>2,646,008</u>

14. Provisions for liabilities and charges

	<i>Deferred taxation</i> £
At 1 January 2008	304,005
Charge for the year (note 9)	(6,476)
At 31 December 2008	<u>297,529</u>

15. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	2008 £	2007 £
<i>Operating leases which expire</i>		
Within one year	18,994	41,161
In two to five years	25,415	62,376
	<u>44,409</u>	<u>103,537</u>

16. Related party transactions

Brita Manufacturing (UK) Limited is controlled by its ultimate parent company, Hanvest Holding GmbH, a private company incorporated in Germany.

During the year Brita Manufacturing (UK) Limited purchased goods from group companies as follows:

	2008 £	2007 £
Brita GmbH	2,497,605	1,980,674
Brita AG	1,541,558	1,461,394
	<u>4,039,163</u>	<u>3,442,068</u>

Sales were made to the immediate parent company, Brita GmbH, to the amount of £15,049,257 (2007: £10,910,184).

Notes to the financial statements

at 31 December 2008

16. Related party transactions (continued)

Debtors and creditors include:

	<i>Debtors</i> 2008	<i>Creditors</i> 2008	<i>Debtors</i> 2007	<i>Creditors</i> 2007
	£	£	£	£
Brita GmbH	53,176	285,381	920,232	87,000
Brita Water Filter Systems Limited	—	214,761	—	1,643,776
Brita AG	—	105,897	—	35,673
	<u>53,176</u>	<u>606,039</u>	<u>920,232</u>	<u>1,766,449</u>

The amount owed to Brita Water Filter Systems Limited, a fellow subsidiary, of £214,761 (2007: £1,643,776) bears an annual interest charge of 1.6% above the published one month LIBOR interest rate ruling at the last business day of each month. The interest charged during the year amounted to £50,764 (2007: £148,514).

The above transactions were undertaken at arms length on normal commercial terms.

17. Share capital

		<i>2008</i> £	<i>Authorised</i> 2007 £
Ordinary shares of £1 each		<u>700,000</u>	<u>700,000</u>

	<i>No.</i>	<i>Allotted, called up and fully paid</i> 2008 £	<i>No.</i>	<i>2007</i> £
Ordinary shares of £1 each	700,000	<u>700,000</u>	700,000	<u>700,000</u>

18. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Profit and loss</i> <i>account</i> £	<i>Total share-</i> <i>holders' funds</i> £
At 31 December 2006	700,000	640,513	1,340,513
Profit for the year	—	853,995	853,995
At 31 December 2007	<u>700,000</u>	<u>1,494,508</u>	<u>2,194,508</u>
Profit for the year	—	696,249	696,249
At 31 December 2008	<u>700,000</u>	<u>2,190,757</u>	<u>2,890,757</u>

Notes to the financial statements

at 31 December 2008

19. Notes to the statement of cash flows

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

	2008 £	2007 £
Operating profit	1,013,624	1,328,062
Depreciation	623,550	556,078
(Increase) in stocks	(366,035)	(254,622)
Decrease/(increase) in debtors	880,082	(536,157)
(Decrease)/increase in creditors	(1,477,113)	726,206
Net cash inflow from operating activities	<u>674,108</u>	<u>1,819,567</u>

(b) Returns on investments and servicing of finance

	2008 £	2007 £
Interest received	3,036	7,702
Interest paid	—	(1,740)
	<u>3,036</u>	<u>5,962</u>

(c) Taxation

	2008 £	2007
Corporation tax paid	(392,112)	(182,682)
	<u>(392,112)</u>	<u>(182,682)</u>

(d) Capital expenditure

	2008 £	2007 £
Payments to acquire tangible fixed assets	(198,052)	(1,593,780)
	<u>(198,052)</u>	<u>(1,593,780)</u>

(e) Analysis of changes in net funds

	At 1 January 2008 £	Cash flows £	At 31 December 2008 £
Cash at bank and in hand	60,342	86,980	147,322
	<u>60,342</u>	<u>86,980</u>	<u>147,322</u>

Notes to the financial statements

at 31 December 2008

20. Ultimate parent company

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