

**Aqualisa Finance Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2013**

**Registered number 05221543**



# Aqualisa Finance Limited

## Annual report and financial statements for the year ended 31 December 2013

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# **Aqualisa Finance Limited**

## **Directors' report for the year ended 31 December 2013**

The directors present their report and the audited financial statements of Aqualisa Finance Limited for the year ended 31 December 2013.

### **Principal activity**

The company's principal activity is that of an intermediate holding company within the Aqualisa Group. The group's principal activity is, and will continue to be, the manufacture and distribution of shower systems and accessories.

### **Results and dividends**

The results for the company show a profit after taxation of £34,550,000 (2012 loss: £1,826,000). The directors are unable to propose the payment of a dividend (2012: £nil).

### **Business Review**

On 19 April 2013, Aqualisa Holdings Limited, a new company incorporated in the UK, acquired all of the shares in Aqualisa Group. At the same time the existing Tranche B & C loans in Aqualisa Finance Limited were restructured and amended with the outstanding amount at 19 April 2013 of £29,974,000 being reduced to an amended senior facility of £15,000,000 with the balance of the loans transferred to the company's new ultimate parent company Aqualisa Holdings Limited. The terms of the bank loans were amended so that the loans now attract interest of LIBOR plus 4.50%, and are due for repayment in instalments of £750,000 in March and September of each year, starting in September 2013, with the balance of the loans repayable in March 2018.

On 31 July 2013, the £36,128,000 inter-group loan from the company's parent Aqualisa Group Limited was formally waived. On 31 July 2013, the company's subsidiary, Aqualisa Products Limited declared a dividend of £43,160,000 which was utilised to repay most of the inter-group balance of £42,369,000 outstanding between the two companies at the end of 2012.

The directors have considered the trading to date in 2014, the current cash balances and the forecast future prospects for the group and consider that the group will enable the company to meet its obligations in full as they fall due.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing of the financial statements are listed below:

S P Dexter  
D M Hollander  
G E Letman

appointed 3 February 2014  
resigned 31 May 2013

### **Disclosure of information to auditors**

The directors confirm so far as each director is aware at the date of signing of this report:

- there is no relevant audit information of which the company's auditors are unaware;
- each director has taken all the steps that he ought to have taken in his duty 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.

# **Aqualisa Finance Limited**

## **Directors' report for the year ended 31 December 2013 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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;
- 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.

### **Registered office**

The registered office of the company is at The Flyers Way, Westerham, Kent TN16 1DE.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company is exempt from the requirement to prepare a Strategic Report.

### **On behalf of the Board**



**S P Dexter**  
**Director**  
**29 April 2014**

# **Aqualisa Finance Limited**

## **Independent auditors' report to the members of Aqualisa Finance Limited**

### **Report on the financial statements**

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#### **Our opinion**

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.

This opinion is to be read in the context of what we say below.

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#### **What we have audited**

The financial statements for the year ended 31 December 2013, which are prepared by Aqualisa Finance Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 Annual 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.

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#### **Opinion on matter prescribed by the Companies Act 2006**

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

# Aqualisa Finance Limited

## Independent auditors' report to the members of Aqualisa Finance Limited (continued)

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### Other matters on which we are required to report by exception

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#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a strategic Report. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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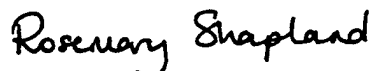
#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 2, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Rosemary Shapland (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Gatwick

30 April 2014

# Aqualisa Finance Limited

## Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Selling and distribution costs		-	-
Administrative expenses - other		(71)	(245)
Administrative expenses – revaluation/impairment of fixed assets investments		(43,160)	-
Administrative expenses - total		(43,231)	(245)
Other operating income – waiver of inter-group balances		36,128	-
<b>Operating loss</b>		(7,103)	(245)
Income from shares in group undertakings		43,160	-
Interest receivable and similar income		1	-
Interest payable and similar charges	4	(2,081)	(2,372)
<b>Profit/(loss) on ordinary activities before taxation</b>	5	33,977	(2,617)
Taxation credit on profit/(loss) on ordinary activities	6	573	791
<b>Profit/(loss) for the financial year</b>	15	34,550	(1,826)

All amounts relate to continuing operations.

The company has no recognised gains or losses other than those disclosed in the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

A note on historical cost profits and losses has not been included as part of these financial statements as the profits/(losses) as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

**Balance sheet as at 31 December 2013**

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	7	19,644	62,804
<b>Current assets</b>			
Debtors	9	81	-
Cash at bank and in hand		33	48
		114	48
<b>Creditors: amounts falling due within one year</b>	10	(18,037)	(108,342)
<b>Net current liabilities</b>		(17,923)	(108,294)
<b>Total assets less current liabilities</b>		1,721	(45,490)
<b>Creditors: amounts falling due after more than one year</b>	11	(12,661)	-
<b>Net liabilities</b>		(10,940)	(45,490)
<b>Capital and reserves</b>			
Called up share capital	14	1,500	1,500
Profit and loss account	15	(12,440)	(46,990)
<b>Total shareholders' deficit</b>	16	(10,940)	(45,490)

The financial statements which comprise the profit and loss account, the balance sheet and the related notes were approved by the board on 23 April 2014 and signed on 29 April 2014 on its behalf by:



**S P Dexter**  
Director



**D M Hollander**  
Director



# **Aqualisa Finance Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

On 19 April 2013, Aqualisa Holdings Limited, a new company incorporated in the UK, acquired all of the shares in the company's immediate parent company, Aqualisa Group Limited. At the same time the existing Tranche B & C loans were restructured and amended with the outstanding amount at 19 April 2013 of £29,974,000 being restructured into an amended senior facility of £15,000,000 with the balance of loan liabilities transferred to Aqualisa Holdings Limited and replaced with a new inter-company loan balance. New repayment and interest terms were agreed for these loans, with the senior facility being repayable in instalments of £750,000 in March and September each year with the balance repayable in March 2018.

On 31 July 2013, the £36,128,000 inter-group loan from the company's parent Aqualisa Group Limited was formally waived. On 31 July 2013, the company's subsidiary, Aqualisa Products Limited declared a dividend of £43,160,000 which was utilised to repay the inter-group balance outstanding between the two companies as at that date.

The directors have considered the trading to date in 2014, the current cash balances and the forecast future prospects for the new group and consider that the new group will be able to meet its obligations in full as they fall due.

#### **Basis of consolidation**

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

# **Aqualisa Finance Limited**

## **Notes to the financial statements for the year ended 31 December 2013 (continued)**

### **1 Principal accounting policies (continued)**

#### **Cash flow statement**

The company is a wholly owned subsidiary of Aqualisa Holdings Limited and its financial statements are included in the consolidated financial statements of Aqualisa Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996).

#### **Related party transactions**

The company is a wholly owned subsidiary of Aqualisa Holdings Limited, a company incorporated in Great Britain. Accordingly, it has taken advantage of the exemption from disclosing transactions with group companies as permitted by Financial Reporting Standard No. 8.

#### **Deferred taxation**

Provision is made for deferred taxation, in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is considered more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not subject to discounting.

#### **Debt issue costs**

Debt instruments are recognised within the balance sheet at an amount equivalent to the net proceeds of issue. The costs of the issue of debt instruments such as bank loans and loan stock are charged to the profit and loss account on a straight line basis over the life of the instrument.

#### **Investments**

Fixed asset investments are held at cost less any provision for permanent diminution in value.

### **2 Directors' remuneration**

The directors received no remuneration from the company in respect of their services during the year (2012: nil). The remuneration of the directors from other group companies is disclosed in the financial statements of Aqualisa Holdings Limited.

### **3 Employee information**

The company had no employees during the year other than the two directors.

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 4 Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable on bank loans and overdrafts	1,003	1,674
Interest payable on inter-company loans	1,007	505
Amortisation of issue costs on bank loans (note 12)	71	193
	<b>2,081</b>	<b>2,372</b>

### 5 Profit/(loss) on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:	2013	2012
	£'000	£'000
Auditors' remuneration		
- audit services	6	5

### 6 Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax on loss for the year	-	-
Amounts receivable from other group companies in respect of tax saved by group relief	(573)	(793)
Amounts payable to other group companies in respect of tax saved by group relief in respect of previous years	-	2
Total current tax (note 6b)	(573)	(791)
<b>Tax on profit on ordinary activities</b>	<b>(573)</b>	<b>(791)</b>

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 6 Tax on profit/(loss) on ordinary activities (continued)

#### (b) Factors affecting tax credit for the period

The tax credit for the year is different than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
<b>Profit/(loss) on ordinary activities before tax</b>	<b>33,977</b>	<b>(2,617)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	<b>7,900</b>	<b>(641)</b>
Effects of:		
Transfer pricing adjustment	<b>(73)</b>	<b>(163)</b>
Impairment of fixed asset investments	<b>(10,034)</b>	-
Income from shares in group undertakings	<b>10,034</b>	-
Waiver of inter-group balances	<b>(8,400)</b>	-
Expenses not deductible for tax purposes	-	13
<b>Current tax for the period (note 6a)</b>	<b>(573)</b>	<b>(791)</b>

#### Factors affecting current and future tax charges

The UK main corporation tax rate was reduced from 24% to 23% from 1 April 2013. As a result of this, an effective rate of 23.25% has been used to calculate tax payable on taxable income in the year.

At the balance sheet date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will be 21% from 1 April 2014 and 20% from 1 April 2015. The relevant deferred tax balances have been re-measured.

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 7 Fixed asset investments

Interests in group undertakings are as follows:

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 January 2013 and at 31 December 2013	87,013
<b>Provisions</b>	
At 1 January 2013	(24,209)
Impairment charge for year	(43,160)
At 31 December 2013	(67,369)
<b>Net book value</b>	
At 31 December 2013	19,644
At 31 December 2012	62,804

On 31 July 2013 the company's subsidiary Aqualisa Products paid a dividend of £43,160,000 (2012: nil) that reduced the value of the net assets of the subsidiary. As a result the value of the investment in the subsidiary has been reduced by the amount of the dividend paid.

The directors consider the value of the investments to be supported by the underlying assets of those investments.

### 8 Interests in group undertakings

The following are the company's wholly owned subsidiary undertakings:

Name of undertaking	Country of incorporation	Description of shares held
Aqualisa Products Limited	England	£1 ordinary shares
Gainsborough Bathroom Products Limited	England	£1 ordinary shares

The principal activity of Aqualisa Products Limited is the manufacture and distribution of shower systems. Gainsborough Bathroom Products Limited was dormant during the year.

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 9 Debtors

	2013	2012
	£'000	£'000
<b>Due within one year</b>		
Amounts owed by parent company	78	-
Prepayments and accrued income	3	-
	<b>81</b>	<b>-</b>

### 10 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Bank loans and overdrafts (note 12)	1,502	29,892
Unamortised issue costs	(27)	(52)
	<b>1,475</b>	<b>29,840</b>
Amounts owed to parent companies	15,741	36,128
Amounts owed to group undertakings	816	42,369
Accruals and deferred income	5	5
	<b>18,037</b>	<b>108,342</b>

The amounts owed to the company's ultimate parent Aqualisa Holdings Limited as at 31 December 2013 are unsecured and due on demand. £7,500,000 of the amount owed attracts interest at 12% per annum. The remainder is interest free.

On 31 July 2013, £36,128,000 of loans due to Aqualisa Group Limited, representing the outstanding amount for 2012 above was formally waived and cancelled.

The amount owed to group undertakings of £816,000 (2012: £42,369,000) has been provided by Aqualisa Products Limited and attracts interest at 1% over base rate on any amounts loaned and is unsecured and repayable on demand. On 31 July 2013, Aqualisa Products Limited declared a dividend of £43,160,000. This dividend was utilised by Aqualisa Finance Limited to repay part of the outstanding loan balance.

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 11 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Bank loans and overdrafts (note 12)	12,750	-
Unamortised issue costs	(89)	-
	12,661	-

### 12 Loans

The bank borrowings disclosed above are repayable as follows:

	2013 £'000	2012 £'000
In one year or less or on demand	1,502	29,892
Between one and two years	1,500	-
Between two and five years	11,250	-
Unamortised issue costs	(116)	(52)
	14,136	29,840

The bank loans and overdrafts are secured by first, fixed and floating charges over all the assets of the company. The bank loans are in sterling and attract interest at LIBOR plus 4.5%.

Issue costs of £134,000 were incurred on the restructuring of the loans on 19 April 2013 and have been netted off the loan balances on issue in accordance with Financial Reporting Standard No. 4. These costs are being expensed on a straight line basis over the life of the loans. The remaining costs to be amortised in respect of bank loans total £116,000 (2012: £52,000). The charge in respect of amortisation of these costs and the full amortisation of the previous issue costs is included in note 4. The loan balances are comprised of the initial loan amounts drawn down and accrued interest of £2,000 (2011: £1,092,000).

On 19 April 2013, Aqualisa Holdings Limited, a new company incorporated in the UK, acquired all of the shares in the company's immediate parent company, Aqualisa Group Limited. At the same time the existing Tranche B & C loans were restructured and amended with the outstanding amount at 19 April 2013 of £29,974,000 being restructured into an amended senior facility of £15,000,000 with the balance of loan liabilities transferred to Aqualisa Holdings Limited and replaced with a new inter-company loan balance. New repayment and interest terms were agreed for these loans, with the senior facility being repayable in instalments of £750,000 in March and September each year with the balance repayable in March 2018.

# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 13 Deferred taxation

Deferred tax asset recognised in the financial statements and the amount unrecognised of the total potential asset is as follows:

	Amount recognised		Amount unrecognised	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Losses carried forwards	-	-	196	215

The deferred tax asset of £196,000 (2012: £215,000) has not been recognised in the period due to uncertainty over the availability of future taxable profits against which this asset could be utilised.

### 14 Called up share capital

	2013	2012
	£'000	£'000
<b>Allotted and fully paid</b>		
1,500,000 (2012: 1,500,000) Ordinary shares £1 each	1,500	1,500

### 15 Profit and loss account

	Profit and loss account £'000
At 1 January 2013	(46,990)
Profit for the financial year	34,550
At 31 December 2013	(12,440)



# Aqualisa Finance Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 16 Reconciliation of movements in total shareholders' deficit

	2013	2012
	£'000	£'000
Opening shareholders' deficit	(45,490)	(43,664)
Profit/(loss) for the financial year	34,550	(1,826)
<b>Closing Shareholders' deficit</b>	<b>(10,940)</b>	<b>(45,490)</b>

### 17 Ultimate parent undertaking

The whole of the company's allotted share capital is held by Aqualisa Group Limited, a company incorporated in Great Britain, which was regarded by the directors as the immediate parent company at the year end.

The directors consider Aqualisa Holdings Limited, a company incorporated in Great Britain, to be the ultimate parent undertaking.

The results of the company are consolidated into the results of Aqualisa Holdings Limited being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements are available from the company secretary at Aqualisa Holdings Limited, The Flyer's Way, Westerham, Kent, TN16 1DE.