

Registered number: 05221543

AQUALISA FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



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FOR THE YEAR ENDED 31 DECEMBER 2018

AQUALISA FINANCE LIMITED

CONTENTS

	Pages
Company information	
Strategic Report	2
Directors' Report	3 - 4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8-14

AQUALISA FINANCE LIMITED

COMPANY INFORMATION

DIRECTORS	D M Hollander (Resigned 23 March 2018) C J Sykes (Appointed 4 April 2018) A K Hawksley (Appointed 4 April 2018)
REGISTERED NUMBER	05221543
REGISTERED OFFICE	The Flyers Way Westerham Kent TN16 1DE

AQUALISA FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report of Aqualisa Finance Limited for the year ended 31 December 2018.

RESULTS

The results for the company show a profit for the financial year of £Nil (2017: profit of £Nil). Net liabilities as at 31 December 2018 are £13,538,000 (2017: £13,538,000). The directors are unable to propose the payment of a dividend (2017: £Nil).

BUSINESS REVIEW

The company is an intermediate holding company within the Aqualisa Holdings (International) Limited Group (the "Group") and manages the external senior bank debt provided to the Group.

The directors have considered the trading to date in 2019, the current cash balances and the forecast prospects for the Group and consider that the Group will enable the company to meet its obligations in full as they fall due.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the ultimate parent undertaking, Aqualisa Holdings (International) Limited manage the Group's risk and performance. For this reason, a discussion on the company's risks has not been included by the company's directors.

The principal risks and uncertainties, together with the development, performance and position of the Group, which include those of the company and the Group, are discussed in the business review of the Aqualisa Holdings (International) Limited annual report, the smallest group to consolidate these financial statements, which does not form part of this report. Details of how to obtain this report can be found within Note 15.

KEY PERFORMANCE INDICATORS (KPIs)

Given the nature of the company being an intermediary holding company there are no company specific KPIs.

This report was approved by the board on 26 June 2019 and signed on its behalf by:



C J Sykes
Director

AQUALISA FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and audited financial statements for Aqualisa Finance Limited (the "company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The company's principal activity is that of an intermediate holding company within the Aqualisa Group comprising Aqualisa Holdings (International) Limited and its subsidiaries (the "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 profit for the financial year amounted to £Nil (2017: profit of £Nil).

The directors do not propose the payment of a dividend (2017: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D M Hollander (Resigned 23 March 2018)

C J Sykes (Appointed 4 April 2018)

A Hawksley (Appointed 4 April 2018)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its director.

FINANCIAL RISK MANAGEMENT

The financial risks of the company and their management is referred to in the Strategic Report on page 2.

FUTURE DEVELOPMENTS

The future developments of the company are discussed in the Business Review on page 2.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company Aqualisa Holdings Limited. The directors have received confirmation that Aqualisa Holdings Limited intend to support the company for at least one year after these financial statements are signed.

A letter of support has been received from the intermediate parent company Aqualisa Holdings (International) Limited which state the Company will not demand repayment of the intercompany loans.

AQUALISA FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the director 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the director 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The directors 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.

EXEMPTION FROM AUDIT

The company is exempt from the requirements to audit its accounts under section 479A of the Companies Act 2006. Aqualisa Holdings (International) Limited, being the ultimate parent undertaking of this entity, has given a statutory guarantee of all the outstanding liabilities to which the company is subject to as at 31 December 2018.

This report was approved by the board on 26 June 2019 and signed on its behalf by:



C J Sykes
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Administrative expenses		-	-
Operating profit		-	-
Profit before taxation		-	-
Tax on profit	6	-	-
Profit for the financial year		-	-
Total comprehensive income for the year		-	-

AQUALISA FINANCE LIMITED

REGISTERED NUMBER:05221543

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Fixed assets			
Investments	7	19,644	19,644
		19,644	19,644
Current assets			
Debtors	8	147	147
Cash at bank and in hand	9	1	1
		148	148
Creditors: amounts falling due within one year	10	(33,330)	(33,330)
Net current liabilities		(33,182)	(33,182)
Total assets less current liabilities		(13,538)	(13,538)
Net liabilities		(13,538)	(13,538)
Capital and reserves			
Called up share capital	13	1,500	1,500
Profit and loss account	14	(15,038)	(15,038)
Total shareholders' deficit		(13,538)	(13,538)

The notes on pages 8 to 14 form part of these financial statements.

For the year ended 31/12/2018 the company was entitled to exemption under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting periods and for the preparation of accounts.

The financial statements on pages 5 to 14 were approved and authorised for issue by the board and were signed on its behalf by


C J Sykes

Director

AQUALISA FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018	Called up share capital	Profit and loss account	Total shareholders' deficit
	£000	£000	£000
At 1 January 2018	1,500	(15,038)	(13,538)
Comprehensive expense for the year Profit for the financial year	-	-	-
Total comprehensive expense for the year	-	-	-
At 31 December 2018	1,500	(15,038)	(13,538)

FOR THE YEAR ENDED 31 DECEMBER 2017	Called up share capital	Profit and loss account	Total shareholders' deficit
	£000	£000	£000
At 1 January 2017	1,500	(15,038)	(13,544)
Comprehensive expense for the year Profit for the financial year	-	-	-
Total comprehensive expense for the year	-	-	-
At 31 December 2017	1,500	(15,038)	(13,538)

The notes on pages 8 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1) GENERAL INFORMATION

Aqualisa Finance Limited ('the company') is an intermediate holding company within the Aqualisa Group comprising Aqualisa Holdings (International) Limited and its subsidiaries (the "Group").

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is The Flyers Way, Westerham, Kent, TN16 1DE.

2) ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 388, 38C, 380, 40A, 408, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 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.

2.4 GOING CONCERN

The financial statements have been prepared on a going concern basis. The company is a guarantor of loans to Aqualisa Holdings (International) Limited (its ultimate parent company). Consequently, the going concern assessment for the company needs to take into consideration the position of the Aqualisa group as a whole.

The directors have considered the trading to date in 2019, the current cash balances and the forecast prospects for the company and the Group and consider that the company and the Group will be able to meet their obligations in full as they fall due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 FINANCIAL INSTRUMENTS

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

Liabilities at amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.9 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.12 BORROWING COSTS

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.13 TAXATION

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and we expected to apply when the related deferred tax item is realized or settled.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Carrying value of investments

The Company makes an estimate of the recoverable value of investments. When assessing impairment of investments, management considers the net assets of the investment and any impairment losses which are recognised in the Statement of Comprehensive Income.

4. OPERATING PROFIT

	2018 £000	2017 £000
Release of provision from prior years	-	-

The audit fees of £Nil (2017: £3,000) are borne by Aqualisa Products Limited.

5. DIRECTORS' REMUNERATION

The company had no employees during the year other than the director (2017: nil). The director received no remuneration from the company in respect of their services during the year (2017: £Nil). The remuneration of the director from other group companies is disclosed in the financial statements of Aqualisa Holdings (International) Limited.

6. TAX ON PROFIT

	2018 £000	2017 £000
Corporation Tax		
Current tax on Profit for the year	-	-
Losses Utilised	-	-
Taxation on profit on ordinary activities	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2017 – higher than) the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:

	2018 £000	2017 £000
Profit before taxation	-	-
Profit multiplied UK standard rate corporation tax 19% (2017: 19%)	-	-
Effects of:		
Losses utilized	-	-
Total tax charge for the year	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
6. TAX ON PROFIT (continued)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profit for this financial year are taxed at an effective rate of 20%.

The finance (No.2) act was substantively enacted on 26 October 2015. This act included provisions reducing the main rate of UK corporation tax to 19% from 1 April 2018 and 18% from 1 April 2020.

It was announced at the 2017 budget that the rate of UK corporation tax will reduce to 17% effective from 1 April 2020, instead of the previously enacted rate of 18% effective from that date. This change was enacted in the finance act 2017 on 15 September 2017 and so the rate of 17% has been used to measure deferred tax balance in these financial statements

7. INVESTMENTS
Investment in subsidiary companies

	£000
Cost	
At 1 January 2018 and 31 December 2018	87,013
	<hr/>
Provisions	
At 1 January 2018 and 31 December 2018	67,369
	<hr/>
Net book value	
At 1 January 2018 and 31 December 2018	19,644
	<hr/>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Aqualisa Products Limited	United Kingdom	Ordinary	100 %	Manufacture and Distribution of shower systems
Gainsborough Bathroom Products Limited	United Kingdom	Ordinary	100 %	Dormant
Hydrocast Products Limited	United Kingdom	Ordinary	100 %	Dormant
Goldsmith Patent (Sevenoaks) Limited	United Kingdom	Ordinary	100 %	Dormant

The registered address for all subsidiary undertakings is The Flyer's Way, Westerham, Kent, TN16 1DE.

AQUALISA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DEBTORS

	2018 £000	2017 £000
Amounts owed by group undertakings	147	147
	<u>147</u>	<u>147</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9. CASH AT BANK AND IN HAND

	2018 £000	2017 £000
Cash and cash equivalents	1	1
	<u>1</u>	<u>1</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Amounts owed to group undertakings	33,330	33,330
Accruals and deferred income	-	-
	<u>33,330</u>	<u>33,330</u>

Within the amount owed to group undertakings are amounts owed to Aqualisa Holdings Limited of £28,903,583 (2017: £28,903,583) which are unsecured and due on demand.

11. CONTINGENT LIABILITIES

The company has given a guarantee in respect of the bank borrowings of the ultimate parent company Aqualisa Holdings (International) Limited, the outstanding loan balance at 31 December 2018 is £21,400,000 (2017: £21,400,000).

AQUALISA FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. FINANCIAL INSTRUMENTS

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>147</u>	<u>147</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(33,330)</u>	<u>(33,330)</u>
Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.		
Financial liabilities measured at amortised cost comprise bank loans, amounts owed to group undertakings and accruals.		

13. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
ALLOTTED CALLED UP AND FULLY PAID		
1,500,000 (2015: 1,500,000) ordinary shares of £1 (2015: £1) each	<u>1,500</u>	<u>1,500</u>

14. RESERVES

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

15. ULTIMATE PARENT UNDERTAKING

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

The director considers Aqualisa Holdings (International) Limited, a company incorporated in Great Britain, to be the ultimate parent undertaking. The director considers Aqualisa holdings (international) Limited to be the ultimate controlling party as no shareholder holds more than 50% of the issued share capital of the company.

The results of the company are consolidated into the results of Aqualisa holdings (international) 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 (international) Limited, The Flyer's Way, Westerham, Kent, TN16 IDE