

**Annual Report and  
Financial Statements for the Year Ended 31 December 2013  
for  
Andrews Water Treatment Limited**



**Contents of the Financial Statements  
for the Year Ended 31 December 2013**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Director Report</b>	<b>3</b>
<b>Independent Auditor's Report</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7 to 10</b>

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**DIRECTOR:** Mr D J Marchbank (appointed 23 May 2013)

**SECRETARY:** Mr D J Marchbank

**REGISTERED OFFICE:** Aqua Cure House  
Hall Street  
Southport  
Merseyside  
PR9 0SE

**REGISTERED NUMBER:** 06772267 (England and Wales)

**AUDITORS:** Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading  
United Kingdom

**Strategic Report**  
**for the Year Ended 31 December 2013**

The director presents the Strategic Report of the Company for the year ended 31 December 2013. A separate analysis of the strategy, objectives and business model have not been provided, as these are covered within the consolidated financial statements of the ultimate parent, Waterlogic plc.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of water treatment products supply.

**REVIEW OF BUSINESS**

Turnover during the year to 31 December 2013 has fallen from £189,199 to £166,131, this largely being due to increasing price pressures from the domestic market as a result of economic uncertainty and increased competition.

Despite this significant fall in sales, the director is pleased that prior years rationalisation of back office function and continued control on other overhead spending has enabled the Company to remain in profit for the year.

The director is satisfied with the overall trading performance of the company.

**Key Performance Indicators**

	2013	2012	Change
<b>Financial Metrics</b>			
Turnover	£166k	£189k	(12)%
Gross profit	£66k	£76k	(13)%
Gross margin	40%	40%	0%
Operating margin	7%	8%	(12)%
<b>People</b>			
Average number of employees	2	3	(33%)

**Principal Risks and Uncertainties**

The principal risks that face the company in the opinion of the director are:-

Price volatility - the director believes that the Company is small enough to react to changes in market prices and conditions to mitigate this risk as far as possible.

Customer stability - the Company prides itself on working closely with all customers on a personal level and forging relationships that help to mitigate risk.

Liquidity risk - in order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company uses a mixture of long-term and short-term finance provided by its ultimate parent, Waterlogic plc.

**BY ORDER OF THE BOARD:**



Mr D J Marchbank - Secretary

Date: 25/6/2014

**Director's Report  
for the Year Ended 31 December 2013**

The director presents his report with the financial statements of the company for the year ended 31 December 2013.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2013 (2012 : £nil).

**DIRECTORS**

The directors who have held office during the period from 1 January 2013 to the date of this report are as follows:

Mr C Hill - resigned 23 May 2013

Mr D J Marchbank - appointed 23 May 2013

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**AUDITORS**

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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

**BY ORDER OF THE BOARD:**



Mr D J Marchbank - Secretary

Date: 25/6/2014

**Independent Auditor's Report to the Members of  
Andrews Water Treatment Limited**

We have audited the financial statements of Andrews Water Treatment Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of director and auditors**

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

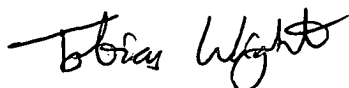
**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption in preparing the Director's Report.



Tobias Wright (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading  
United Kingdom

Date: 25 June 2014

**Profit and Loss Account**  
for the Year Ended 31 December 2013

	Notes	2013 £	2012 £
<b>TURNOVER</b>	2	166,131	189,199
Cost of sales		<u>(100,204)</u>	<u>(113,592)</u>
<b>GROSS PROFIT</b>		65,927	75,607
Distribution costs		(85)	(30)
Administrative expenses		<u>(54,824)</u>	<u>(60,605)</u>
<b>OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	11,018	14,972
Tax on profit on ordinary activities	5	<u>(2,201)</u>	<u>(3,436)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>8,817</u></u>	<u><u>11,536</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

Balance Sheet  
31 December 2013

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Intangible assets	6	15,715	15,586
Tangible assets	7	<u>15</u>	<u>1,827</u>
		<u>15,730</u>	<u>17,413</u>
 <b>CURRENT ASSETS</b>			
Stocks	8	658	50
Debtors	9	1,261	3,863
Cash at bank and in hand		<u>25,533</u>	<u>26,826</u>
		27,452	30,739
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(20,301)</u>	<u>(33,653)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>7,151</u>	<u>(2,914)</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,881	14,499
 <b>PROVISIONS FOR LIABILITIES</b>	11	<u>(3)</u>	<u>(438)</u>
 <b>NET ASSETS</b>		<u>22,878</u>	<u>14,061</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1	1
Profit and loss account	13	<u>22,877</u>	<u>14,060</u>
 <b>SHAREHOLDERS' FUNDS</b>	16	<u>22,878</u>	<u>14,061</u>

The financial statements were approved by the director on 25/6/2014 and were signed by:



Mr D J Marchbank - Director



**Notes to the Financial Statements  
for the Year Ended 31 December 2013**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The following accounting policies have been applied consistently, in the current and preceding year, in dealing with items which are considered material in relation to the financial statements.

**Accounting convention**

The financial statements have been prepared in accordance with applicable UK accounting standards, and under the historical cost accounting rules.

**Going concern**

The Company has surplus cash available at the balance sheet enabling it to meet its day to day obligations. This, coupled with the forecast profitability, means that the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite the current economic climate. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

**Cash flow statement**

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

**Turnover**

Turnover represents amounts invoiced in respect of the sale of water treatment products. Turnover is recognised at the point of delivery of goods and is stated exclusive of value added tax and trade discounts.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of twenty years.

**Intangible assets - trade & domain names**

Trade and domain names are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided on a straight line basis calculated to write off the cost of each class of asset over its anticipated useful economic life as follows:

Fixtures and fittings	- 25% on cost
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**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. In determining the cost of finished goods and goods for resale, the average purchase price is used.

Net realisable value is based on estimated selling price less all anticipated costs of disposal.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Hire purchase and leasing commitments**

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

**2. TURNOVER**

Turnover and profit before taxation are attributable to the one principal activity of the Company and have been derived wholly in the United Kingdom.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

3. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	34,957	38,138
Social security costs	<u>2,715</u>	<u>2,851</u>
	<u>37,672</u>	<u>40,989</u>

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

	2013	2012
Sales & distribution	<u>2</u>	<u>3</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2013	2012
	£	£
Other operating leases	-	1,188
Depreciation - owned assets	1,812	3,165
Goodwill amortisation	1,332	1,332
Trade & domain names amortisation	<u>39</u>	<u>-</u>
Directors' remuneration	<u>-</u>	<u>-</u>

The director is remunerated by Aqua Cure Limited in both years. The audit fee of £1,000 (2012: £1,000) has been borne by Aqua Cure Limited in the current year. It is not possible to disaggregate the director's remuneration in respect of service performed on behalf of Aqua Cure Limited and Andrews Water Treatment Limited. There were no non-audit services provided during the year (2012 : nil)

5. TAXATION

Analysis of the tax charge

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

	2013	2012
	£	£
Current tax:		
UK corporation tax	2,636	3,996
Deferred tax	<u>(435)</u>	<u>(560)</u>
Tax on profit on ordinary activities	<u>2,201</u>	<u>3,436</u>

UK corporation tax has been charged at 23.25% (2012 - 24.49%).

Factors affecting the tax charge

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

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>11,018</u>	<u>14,972</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.246% (2012 - 24.497%)	2,561	3,668
Effects of:		
Expenses not deductible for tax purposes	-	23
Depreciation in excess of capital allowances	421	775
Small company marginal rate tax relief	<u>(346)</u>	<u>(470)</u>
Current tax charge	<u>2,636</u>	<u>3,996</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

6. INTANGIBLE FIXED ASSETS

	Goodwill £	Trade & domain names £	Totals £
<b>COST</b>			
At 1 January 2013	20,000	-	20,000
Additions	-	1,500	1,500
At 31 December 2013	20,000	1,500	21,500
<b>AMORTISATION</b>			
At 1 January 2013	4,414	-	4,414
Amortisation for year	1,332	39	1,371
At 31 December 2013	5,746	39	5,785
<b>NET BOOK VALUE</b>			
At 31 December 2013	14,254	1,461	15,715
At 31 December 2012	15,586	-	15,586

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
<b>COST</b>	
At 1 January 2013 and 31 December 2013	15,894
<b>DEPRECIATION</b>	
At 1 January 2013	14,067
Charge for year	1,812
At 31 December 2013	15,879
<b>NET BOOK VALUE</b>	
At 31 December 2013	15
At 31 December 2012	1,827

8. STOCKS

	2013 £	2012 £
Stocks	658	50

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

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	762	3,863
Prepayments and accrued income	499	-
	1,261	3,863

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Amounts owed to group undertakings	13,224	25,170
Corporation tax	2,636	3,996
Social security and other taxes	2,298	3,311
Accrued expenses	2,143	1,176
	20,301	33,653

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2013

11. PROVISIONS FOR LIABILITIES

	2013 £	2012 £
Deferred tax		
Accelerated capital allowances	<u>3</u>	<u>438</u>
		Deferred tax
		£
Balance at 1 January 2013		438
Credit to profit and loss account during year		<u>(435)</u>
Balance at 31 December 2013		<u>3</u>

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2013 £	2012 £
Number:	Class:	Nominal value:		
1	Ordinary shares	£1	<u>1</u>	<u>1</u>

13. RESERVES

	Profit and loss account £
At 1 January 2013	14,061
Profit for the year	<u>8,817</u>
At 31 December 2013	<u>22,878</u>

14. RELATED PARTY DISCLOSURES

Aqua Cure Limited

During the year the Company purchased goods in the ordinary course of business from Aqua Cure Limited, parent undertaking, at a cost of £100,582 (2012: £116,389). In addition, it also paid £3,000 (2012: £3,000) for administrative and management services. Amounts owed to Aqua Cure Limited are included in note 10. These amounts all relate to trading balances.

15. ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of Aqua Cure Limited, a company incorporated in England & Wales, whose ultimate parent company and controlling party is Waterlogic Plc which is incorporated in Jersey.

The group of which Waterlogic Plc is the parent organisation, forms the largest and smallest group preparing consolidated accounts which include Andrews Water Treatment Limited. It's address is IFG House, 15 Union Street, St Helier, Jersey, Channel Islands JE1 1FG.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	<u>8,817</u>	<u>11,536</u>
Net addition to shareholders' funds	8,817	11,536
Opening shareholders' funds	<u>14,061</u>	<u>2,525</u>
Closing shareholders' funds	<u>22,878</u>	<u>14,061</u>