

**Virgin Strauss Water UK Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2022**

Company registration number 04880825 (England and Wales)

# Virgin Strauss Water UK Limited

## Company Information

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Directors	L Cohen Rofe	
	C Esti	
	M Taylor	(Appointed 10 January 2023)
Company number	04880825	
Registered office	79-81 Paul Street London England EC2A 4NQ	
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP	
Business address	79-81 Paul Street London England EC2A 4NQ	

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# Virgin Strauss Water UK Limited

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# Virgin Strauss Water UK Limited

## Directors' Report

*For the year ended 31 December 2022*

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The directors present their annual report and financial statements for the year ended 31 December 2022. They are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom. The company has taken advantage of the exemptions available to small companies, under the Companies Act, not to prepare a strategic report. The company also applied the available small company exemptions to the directors' report.

### Principal activities

The principal activity of the company during the year continued to be the rental, sale and distribution of water dispensers.

### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Gibbs	(Resigned 10 January 2023)
D Nessimi	(Resigned 10 October 2022)
L Cohen Rofe	
C Esti	
M Taylor	(Appointed 10 January 2023)

### Going concern

Notwithstanding that as of 31 December 2022 the company has net liabilities of £32,460,605 (2021: £26,194,673) and expects further trading losses in 2023, the accounts have been prepared on a going concern basis for the following reasons:

- Following a post balance sheet date deal referred to in note 22, both shareholders have signed a Joint Venture Agreement agreeing to fund the business in accordance with the business plan and budget up to £10m. As part of the deal, intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023.
- Management have prepared an in depth analysis of the business situation and cash flow forecast based on current and forecast sales volumes and operating costs. The directors have considered the assumptions made and consider the forecasts and targets reasonable and realistic and, taking into account the funding to be provided by the parent companies described above, the business will generate sufficient cash for it to meet its other liabilities as they become due for a period of at least 12 months from the signing of these financial statements.

On the basis of these projections and agreements, and current trading performance, the directors consider the Company will continue to operate and hence that the use of the going concern basis is appropriate.

# Virgin Strauss Water UK Limited

## Directors' Report (CONTINUED)

*For the year ended 31 December 2022*

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### Post reporting date events

On the 10 January 2023 Virgin Green Fund SPV, L.P. sold their 28% holding in Virgin Strauss Water Limited to Strauss Water Limited, with Strauss Water Limited becoming a 100% owner of Virgin Strauss Water UK Limited. Subsequently, on the 10 January 2023, Strauss Water Limited sold 49% of their holding of Virgin Strauss Water UK Limited to Waterlogic GB Limited, who are owned by Culligan Water Limited. The consideration of this transaction was £3 million with Strauss Water Limited remaining the majority shareholder with 51%.

There is no change in business for Virgin Strauss Water UK Limited. As part of the deal, intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Moore Kingston Smith LLP will therefore continue in office.

### Statement of directors' responsibilities

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 adopted International Accounting Standards. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

Each director in office at the date of approval of this annual 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 / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C Esti  
**Director**  
22 March 2023

# Virgin Strauss Water UK Limited

## Independent Auditor's Report

### To the Members of Virgin Strauss Water UK Limited

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#### Opinion

We have audited the financial statements of Virgin Strauss Water UK Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

# **Virgin Strauss Water UK Limited**

## **Independent Auditor's Report (CONTINUED)**

### **To the Members of Virgin Strauss Water UK Limited**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Virgin Strauss Water UK Limited

## Independent Auditor's Report (CONTINUED)

### To the Members of Virgin Strauss Water UK Limited

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



# Virgin Strauss Water UK Limited

## Independent Auditor's Report (CONTINUED)

### To the Members of Virgin Strauss Water UK Limited

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#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 an auditor's 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.

**Ian Graham (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP

22 March 2023

**Chartered Accountants**  
**Statutory Auditor**

6th Floor  
9 Appold Street  
London  
EC2A 2AP

# Virgin Strauss Water UK Limited

## Statement of Comprehensive income

For the year ended 31 December 2022

		2022	2021
	Notes	£	£
<b>Revenue</b>	<b>4</b>	7,619,334	6,159,063
Cost of sales		(6,582,750)	(5,750,854)
<b>Gross profit</b>		1,036,584	408,209
Distribution costs		(856,945)	(877,492)
Administrative expenses		(2,547,976)	(2,355,554)
Exceptional items	<b>5</b>	(295,345)	(114,166)
<b>Operating loss</b>	<b>6</b>	(2,663,682)	(2,939,003)
Finance costs	<b>8</b>	(2,094,305)	(1,358,369)
Other gains and losses	<b>9</b>	(1,507,945)	(131,015)
<b>Loss before taxation</b>		(6,265,932)	(4,428,387)
Income tax expense	<b>10</b>	-	-
<b>Loss and total comprehensive income for the year</b>		(6,265,932)	(4,428,387)

The income statement has been prepared on the basis that all operations are continuing operations.

# Virgin Strauss Water UK Limited

## Statement of Financial Position

As at 31 December 2022

		2022	2021
	Notes	£	£
<b>Non-current assets</b>			
Intangible assets	11	427,185	404,689
Property, plant and equipment	12	1,120,231	1,429,282
		<u>1,547,416</u>	<u>1,833,971</u>
<b>Current assets</b>			
Inventories	13	893,035	1,817,712
Trade and other receivables	15	2,852,386	1,752,244
Cash and cash equivalents		843,740	577,457
		<u>4,589,161</u>	<u>4,147,413</u>
<b>Total assets</b>		<u>6,136,577</u>	<u>5,981,384</u>
<b>Current liabilities</b>			
Trade and other payables	17	35,157,646	28,965,484
Obligations under finance leases	18	39,490	32,635
Provisions	19	271,976	157,219
		<u>35,469,112</u>	<u>29,155,338</u>
<b>Net current liabilities</b>		<u>(30,879,951)</u>	<u>(25,007,925)</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	3,083,969	2,956,542
Obligations under finance leases	18	44,101	64,177
		<u>3,128,070</u>	<u>3,020,719</u>
<b>Total liabilities</b>		<u>38,597,182</u>	<u>32,176,057</u>
<b>Net liabilities</b>		<u>(32,460,605)</u>	<u>(26,194,673)</u>

## Virgin Strauss Water UK Limited

### Statement of Financial Position (CONTINUED)

As at 31 December 2022

		2022	2021
	Notes	£	£
<b>Equity</b>			
Called up share capital	20	4,899,673	4,899,673
Share premium account		3,483,204	3,483,204
Other reserves		271,567	398,994
Retained earnings		(41,115,049)	(34,976,544)
<b>Total equity</b>		<u>(32,460,605)</u>	<u>(26,194,673)</u>

The financial statements were approved by the board of directors and authorised for issue on 22 March 2023 and are signed on its behalf by:

C Esti  
Director

Company Registration No. 04880825

# Virgin Strauss Water UK Limited

## Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium account	Capital contribution reserve	Retained earnings	Total
	£	£	£	£	£
<b>Balance at 1 January 2021</b>	4,899,673	3,483,204	521,156	(30,670,319)	(21,766,286)
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year as restated	-	-	-	(4,428,387)	(4,428,387)
Transfer between reserves	-	-	(122,162)	122,162	-
<b>Balance at 31 December 2021</b>	4,899,673	3,483,204	398,994	(34,976,544)	(26,194,673)
<b>Year ended 31 December 2022:</b>					
Loss and total comprehensive income for the year	-	-	-	(6,265,932)	(6,265,932)
Transfer between reserves	-	-	(127,427)	127,427	-
<b>Balance at 31 December 2022</b>	4,899,673	3,483,204	271,567	(41,115,049)	(32,460,605)

# Virgin Strauss Water UK Limited

## Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	24		774,699		(344,384)
Interest paid			(150,841)		(196,630)
<b>Net cash inflow/(outflow) from operating activities</b>			623,858		(541,014)
<b>Investing activities</b>					
Purchase of intangible assets		(34,075)		(140,825)	
Purchase of property, plant and equipment		(276,288)		(161,214)	
<b>Net cash used in investing activities</b>			(310,363)		(302,039)
<b>Financing activities</b>					
Proceeds from borrowings		-		750,000	
Payment of finance leases obligations		(47,212)		(76,724)	
<b>Net cash (used in)/generated from financing activities</b>			(47,212)		673,276
<b>Net increase/(decrease) in cash and cash equivalents</b>			266,283		(169,777)
Cash and cash equivalents at beginning of year			577,457		747,234
Cash and cash equivalents at end of year			843,740		577,457

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements

*For the year ended 31 December 2022*

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### 1 Accounting policies

#### Company information

Virgin Strauss Water UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 79-81 Paul Street, London, England, EC2A 4NQ. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

#### 1.2 Going concern

Notwithstanding that as of 31 December 2022 the company has net liabilities of £32,460,605 (2021: £26,194,673) and expects further trading losses in 2023, the accounts have been prepared on a going concern basis for the following reasons:

- Following a post balance sheet date deal referred to in note 22, both shareholders have signed a Joint Venture Agreement agreeing to fund the business in accordance with the business plan and budget up to £10m. As part of the deal, intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023.
- Management have prepared an in depth analysis of the business situation and cash flow forecast based on current and forecast sales volumes and operating costs. The directors have considered the assumptions made and consider the forecasts and targets reasonable and realistic and, taking into account the funding to be provided by the parent companies described above, the business will generate sufficient cash for it to meet its other liabilities as they become due for a period of at least 12 months from the signing of these financial statements.

On the basis of these projections and agreements, and current trading performance, the directors consider the Company will continue to operate and hence that the use of the going concern basis is appropriate.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

### 1 Accounting policies

(Continued)

#### 1.3 Revenue

The standard presents a new five step model for the recognition of revenue from contracts with customers, which consists of five steps:

1. Identify the contract with the customer.
2. Identify separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to separate performance obligations.
5. Recognise revenue when the entity satisfies a performance obligation.

The contracts include multiple deliverables, such as the sale of waterbar and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation.

Revenue is recognised at the point in time when the relevant performance obligation is satisfied under the contractual agreement. The performance obligation for unit sale or installation is considered to be satisfied when the waterbars have been transferred to the customer and the customer has obtained control of that asset. The revenue for subscription or maintenance is recognised over the life of the contract, with the relevant amounts accrued or deferred where necessary.

Revenue is measured at the transaction price, being the fair value of the consideration received or receivable, and is not discounted to present value as the period between fulfilling the performance obligation and expected receipt from customers is less than 12 months. The transaction price is reduced for estimated customer returns, rebates and other similar allowances.

The recognition of discounts is aligned to the recognition of the underlying revenue to which discount has been applied. All revenue is earned from UK sources and is generated from principle activities of the business.

#### 1.4 Intangible assets other than goodwill

The development costs are recorded as an intangible asset and is stated at the cost for application, infrastructure and content development. Customer acquisition costs and computer software are initially recorded at cost, with annual review for impairment. Amortisation forms part of administrative expenses and is charged on a straight-line basis as follows:

Website development	over 3 years
Customer acquisition costs	over 6 years
Computer software	over 3 to 7 years

#### 1.5 Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and impairment.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, on a straight-line basis, over the following terms:

Leasehold improvements	over the lease term
Plant and equipment	over 3 years
Information technology	over 3 to 7 years
Waterbars and installation costs	over 6 years
Right of use asset	over the lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.



# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of tangible and intangible assets

The carrying value of the company's non-financial assets, are reviewed at each reporting date to determine whether there is any external or internal indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

#### 1.7 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price less all estimated selling price in the ordinary course of business.

#### 1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits and are shown net of bank overdrafts where the company has the right of offset.

#### 1.10 Financial assets

All recognised financial assets are required to be measured at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets.

Amounts receivable which comprise trade and other receivables are carried at amortised cost less impairments.

##### Impairment of financial assets

A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is remeasured annually with changes appearing in profit or loss. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

#### 1.11 Financial liabilities

Amounts payable which comprise trade and other payables are carried at amortised cost.

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 1 Accounting policies

(Continued)

#### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### **Deferred tax**

Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be achieved against which temporary difference can be utilised.

#### **1.14 Provisions**

A provision is recognised if the company has a present legal or constructive obligation as a result of past events that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The amount recognised as a provision is reviewed at each reporting date.

#### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.16 Retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

#### **1.17 Leases**

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Under IFRS 16 the company recognises right of use assets and lease liabilities for leases other than those for low value assets or for short term leases of 12 months or less.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. The initial direct costs are recognised when the unit had been installed as per 1.3, which is a departure from IAS 17. However the directors believe that the treatment applied provides a true and fair view to the users of the accounts.

#### **1.18 Foreign exchange**

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

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### 1 Accounting policies

(Continued)

#### 1.19 Exceptional items

The company defines exceptional items as those items which, by their size or nature, are separately disclosed in order to give a full understanding of the company's financial performance and aid comparability of the company's results between periods.

#### 1.20 Finance costs

Financing expenses comprise interest payable, bank charges and payment gateway charges, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements

##### Fixed asset valuation

The directors make a judgement that despite the ongoing losses in the Company there is no need for impairment of fixed assets, as the forecasts forming the basis for going concern review as per 1.2 show improved performance going forward.

#### Key sources of estimation uncertainty

##### Capitalised installation costs

The capitalised installation cost of waterbars is calculated using an average picking and shipping cost, people cost (based on an average install time and travel time to reach an installation location) and materials cost. This average cost is applied to the total number of waterbars installed in the period.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 3 Adoption of new and revised standards and changes in accounting policies

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

- IFRS 17 Insurance Contracts and amendments to IFRS 17
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The above amended standards are not expected to impact the company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

### 4 Revenue

An analysis of the company's revenue is as follows:

	2022	2021
	£	£
<b>Revenue analysed by class of business</b>		
Rental unit installation	-	42,679
Rental unit - subscription	1,918,571	2,028,866
Waterbar unit sale	3,829,424	3,214,264
Waterclub support revenue	1,871,339	823,435
Full maintenance revenue	-	49,819
	<u>7,619,334</u>	<u>6,159,063</u>

Revenue is recognised at a point in time or in the month it is invoiced in accordance with the accounting policy.

### 5 Exceptional items

	2022	2021
	£	£
<b>Expenditure</b>		
Restructuring costs	295,345	-
Inventory write-off due to legislation change	-	114,166
	<u>295,345</u>	<u>114,166</u>

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 5 Exceptional items

(Continued)

During the period there were a number of exceptional items relating to costs associated with the post balance sheet deal referred to in note 22, which included dilapidations and costs of warehouse move to Waterlogic, and related staff costs. In prior year a legislative change has resulted in our inability to import the gas used in our waterbars cooling units. This has rendered many of our used waterbars on hand as obsolete.

Due to one off nature of the above transactions, we have considered them as exceptional.

### 6 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting):		
Operating lease charges	176,330	149,957
Fees payable to the company's auditor:		
Audit of these financial statements	30,800	42,316
Tax advisory	11,293	30,661
Tax compliance	2,500	1,750
Depreciation of fixed assets	452,194	450,583
Amortisation of intangible assets	141,947	151,991
Cost of inventories recognised as an expense	2,775,008	2,184,409
Impairment of debtors	294,620	382,516
Restructuring costs	206,551	50,757
	<u>          </u>	<u>          </u>

### 7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	26	29
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,594,657	1,386,457
Social security costs	149,807	127,730
Pension costs	15,487	16,982
	<u>          </u>	<u>          </u>
	1,760,151	1,531,169
	<u>          </u>	<u>          </u>

No remuneration or benefits were paid to the directors during the year (2021: nil). Key management personnel were compensated a total of £837,343 in remuneration in 2022 (2021: £661,802).

The company pays into a personal pension scheme on behalf of some of its employees. As at 31 December 2022 the company owed £nil to the pension scheme (2021: £nil).

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

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**8 Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank and debt collection charges	148,115	194,428
Interest payable (non-group)	2,726	2,202
Interest payable on the parent company loan	1,943,464	1,161,739
	<u>          </u>	<u>          </u>
Total finance costs	<u>2,094,305</u>	<u>1,358,369</u>

**9 Other gains and losses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other gains and losses	(1,507,945)	(131,015)
	<u>          </u>	<u>          </u>

This represents the foreign exchange gain/(loss) on the retranslation of the amounts due to the parent company at the financial year end.

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

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#### 10 Income tax expense

As a result of the loss position of the company, and also the availability of tax losses, no liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2022 nor for the year ended 31 December 2021.

At the balance sheet date the company had unused tax losses of approximately £38.9m (2021: £32.2m) available for offset against certain future profits. The deferred tax asset has not been recognised in respect of these losses, as recovery of the asset is dependent on the company generating suitable profits.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2022 £	2021 £
Loss before taxation	(6,265,932)	(4,428,387)
Expected tax credit based on a corporation tax rate of 19.00%	(1,190,527)	(841,394)
Effect of expenses not deductible in determining taxable profit	56,116	-
Unutilised tax losses carried forward	1,134,411	841,394
<b>Taxation charge for the year</b>	<b>-</b>	<b>-</b>

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 11 Intangible assets

	Computer software	Development costs	Customer acquisition costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	361,710	242,177	140,618	744,505
Additions	123,333	104,797	17,492	245,622
Disposals	-	-	(29,167)	(29,167)
At 31 December 2021	485,043	346,974	128,943	960,960
Additions - internally generated	-	7,945	-	7,945
Additions - purchased	157,771	-	-	157,771
Disposals	-	(80,922)	-	(80,922)
At 31 December 2022	642,814	273,997	128,943	1,045,754
<b>Amortisation and impairment</b>				
At 1 January 2021	206,674	158,928	53,160	418,762
Charge for the year	56,439	74,061	21,491	151,991
Eliminated on disposals	-	-	(13,209)	(13,209)
At 31 December 2021	263,113	232,989	61,442	557,544
Charge for the year	64,773	59,118	18,056	141,947
Eliminated on disposals	-	(80,922)	-	(80,922)
At 31 December 2022	327,717	211,185	79,498	618,569
<b>Carrying amount</b>				
At 31 December 2022	315,097	62,812	49,445	427,185
At 31 December 2021	221,930	113,985	67,501	403,416
At 31 December 2020	155,036	83,249	87,458	325,743



# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 12 Property, plant and equipment

	Plant and equipment	Information technology	Waterbars and installation costs	Right of use asset	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	113,122	122,055	2,901,414	112,100	3,248,691
Additions	5,640	1,979	543,634	153,595	704,848
Disposals	-	-	(564,344)	-	(564,344)
At 31 December 2021	118,762	124,034	2,880,704	265,695	3,389,195
Additions	23	10,859	336,459	26,130	373,471
Disposals	(107,325)	(111,833)	(648,063)	-	(867,221)
At 31 December 2022	11,460	23,060	2,569,100	291,825	2,895,445
<b>Accumulated depreciation and impairment</b>					
At 1 January 2021	111,103	115,804	1,532,794	90,792	1,850,493
Charge for the year	3,095	5,350	403,897	38,241	450,583
Eliminated on disposal	-	-	(341,163)	-	(341,163)
At 31 December 2021	114,198	121,154	1,595,528	129,033	1,959,913
Charge for the year	77	11,346	387,732	53,039	452,194
Eliminated on disposal	(107,325)	(109,980)	(419,588)	-	(636,893)
At 31 December 2022	6,950	22,520	1,563,672	182,072	1,775,214
<b>Carrying amount</b>					
At 31 December 2022	4,510	540	1,005,428	109,753	1,120,231
At 31 December 2021	4,564	2,880	1,285,176	136,662	1,429,282

### 13 Inventories

	2022 £	2021 £
Finished goods	893,035	1,817,712

### 14 Contracts with customers

	2022 £	2021 £
<b>Analysis of contract assets</b>		
Waterclub accrued revenue	1,095,976	397,976

The change in the value of contract assets is the result of the contract to which the accrued income relates coming to an end during the year and being fully invoiced, and additional contracts in the year.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 14 Contracts with customers (Continued)

Analysis of contract liabilities	2022 £	2021 £
Subscription deferred revenue	114,320	111,066
Maintenance deferred revenue	179,184	30,447
	<u>293,504</u>	<u>141,513</u>

The change in the value of contract liabilities is the result of an increase in invoiced sales for 2022 at 31 December 2022 compared to the prior year comparative.

#### Significant changes in the period

	2022 Contract assets £	Contract liabilities £
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	397,976	141,513
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	<u>194,247</u>	<u>132,385</u>

### 15 Trade and other receivables

	2022 £	2021 £
Trade receivables	2,047,854	1,525,991
Provision for bad and doubtful debts	<u>(396,338)</u>	<u>(377,594)</u>
	1,651,516	1,148,397
VAT recoverable	-	3,646
Other receivables	9,098	43,896
Prepayments and accrued income	<u>1,191,772</u>	<u>556,305</u>
	<u>2,852,386</u>	<u>1,752,244</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 16 Financial instruments

#### Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments

The principal market risks for the company are exposure to movements in foreign exchange rates and interest rates. The company addresses these risks and defines strategies to limit the economic impact on its performance.

#### Foreign exchange risk

All stock purchases are in Sterling. The company's exposure to foreign currency risk is on loans provided by its parent Strauss Water denominated in US Dollars, at 31 December 2022 these were converted at USD 1.21: GBP 1 (2021: USD 1.35 : GBP 1).

At 31 December 2022	Sterling £	US Dollar £	Total £
Cash and cash equivalents	843,740	-	843,740
Trade receivables	1,651,516	-	1,651,516
Trade payables (including parent company)	19,598,258	-	19,598,258
Loans and borrowings	3,083,969	14,331,123	17,415,092
	<u>25,177,483</u>	<u>14,331,123</u>	<u>39,508,606</u>
At 31 December 2021	Sterling £	US Dollar £	Total £
Cash and cash equivalents	577,457	-	577,457
Trade receivables	1,148,397	-	1,148,397
Trade payables (including parent company)	16,001,740	-	16,001,740
Loans and borrowings	2,956,542	12,186,362	15,142,904
	<u>20,684,136</u>	<u>12,186,362</u>	<u>32,870,498</u>

#### Sensitivity analysis

A 1% percent weakening of the US Dollar against the pound sterling at 31 December 2022 would have decreased the loss for the year by £134,599. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This assumes that all other variables, in particular interest rates, remain constant. A 1% percent strengthening of the US Dollar against the pound sterling at 31 December 2022 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

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#### 16 Financial instruments

(Continued)

##### Interest rate risk

###### *Profile*

At the balance sheet date the Company's only interest-bearing financial instruments were amounts owed to Strauss Water, the Company's parent. These are variable rate instruments bearing the following rates:

	<b>2022</b>
Trade payable balances – Lloyds Bank PLC base rate + 5%	9.00% per annum
Loan balances – US Prime rate + 0.5%	8.25% per annum

###### *Sensitivity analysis*

A change of 0.5% in interest rates at the balance sheet date would have increased the loss for the year by £14,800. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss and the fixed rate element of interest rate swaps.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 16 Financial instruments

(Continued)

#### Credit risk

The company provides credit to customers in the normal course of business and the carrying amount is net of an allowance of £396,338 (2021: £371,330) for doubtful receivables due to age.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

The company effectively manages its credit risk through series of checks as detailed below:

- The company collects the monthly rental through direct-debit mandates.
- Credit monitoring:
  - The management reviews the receivables position on a monthly basis, with long outstanding amounts considered for individual follow up, sending to debt recovery or writing off.
  - Review by categories: For large institutional customers, the company have nominated a dedicated group for resolving issues and have seen significant success.
- Prudent provisioning: The company are mindful of the quality of receivables. The company have followed this by providing a 15% provision on balances that are less than 120 days, by adopting the approach under IFRS 9 using ECL, amounting to approximately £56,000.
- Debt recovery process: The company reinitiated the process of debt recovery with Credit Style to improve the speed of collections.

The trade receivables as at 31 December are aged as follows:

	2022 Gross £	2022 Impairment £	2021 Gross £	2021 Impairment £
Not past due	1,167,100	-	689,157	-
Past due 0 – 30 days	107,349	-	83,969	-
Past due 30 – 60 days	73,714	-	65,718	-
Past due 60 – 90 days	73,466	-	65,995	-
Past due 90+ days	556,661	(396,338)	564,242	(371,330)
Excluding:				
Unallocated payment balances	69,564	-	56,910	-
<b>At 31 December</b>	<b>2,047,854</b>	<b>(396,338)</b>	<b>1,525,991</b>	<b>(371,330)</b>

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 16 Financial instruments

(Continued)

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments.

At 31 December 2022	Carrying value	Contractual cashflows	Under 1 year	1 to 5 years	Over 5 years
	£	£	£	£	£
Unsecured intercompany loan	17,415,092	17,415,092	14,331,123	3,083,969	-
Trade and other payables	19,419,877	19,419,877	19,419,877	-	-
	<u>36,834,969</u>	<u>36,834,969</u>	<u>33,751,000</u>	<u>3,083,969</u>	<u>-</u>
At 31 December 2021	Carrying value	Contractual cashflows	Under 1 year	1 to 5 years	Over 5 years
	£	£	£	£	£
Unsecured intercompany loan	15,142,904	15,142,904	12,186,362	2,956,542	-
Trade and other payables	15,895,883	15,895,883	15,895,883	-	-
	<u>31,038,787</u>	<u>31,038,787</u>	<u>28,082,245</u>	<u>2,956,542</u>	<u>-</u>

As explained in note 16, the unsecured intercompany loan is with Strauss Water Limited and is presented in current liabilities. Intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023 as per note 22.

#### Capital management

Working capital and cash requirements are budgeted annually and forecast weekly on a rolling 13 week basis to ensure that cash is available to settle liabilities as they become due and minimise the cash investment required from Strauss Water Limited.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 17 Trade and other payables

	Current 2022 £	2021 £	Non-current 2022 £	2021 £
Trade payables	178,381	105,752	-	-
Amounts due to fellow group undertakings	33,751,000	28,082,350	3,083,969	2,956,542
Accruals	517,354	426,034	-	-
Social security and other taxation	235,608	47,431	-	-
Other payables	475,303	303,917	-	-
	<u>35,157,646</u>	<u>28,965,484</u>	<u>3,083,969</u>	<u>2,956,542</u>

#### Current

Due to the short term nature of these payables the carrying value equates to the contractual amount due as the impact of discounting is not considered material.

Amounts owed to group undertakings (intercompany) are repayable on demand and comprise a trade payables balance and a loan balance.

The trade payables balance of £19,419,877 (2021: £15,895,883) attracts interest on all overdue balances at 5.0% above the Lloyds Bank PLC base rate (at 31 December 2022 this was 4.00%).

The intercompany loan of £14,331,123 (2021: £12,186,362) is USD denominated. Interest is payable at 0.5% above the US prime base rate (at 31 December 2022 this was 7.75%).

The loan is repayable on demand and has been classified as current liability. Total amount owed to group undertakings of £33,751,000 was waived as part of the Waterlogic transactions as per subsequent events mentioned in the directors' report and in note 22 to the accounts.

#### Non-current

The amount in both years relates to capital note repayable to the parent company in 2024, on which no interest is charged. The movement on the balance is down to the foreign exchange.

# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 18 Lease liabilities

Lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	39,490	32,635
Non-current liabilities	44,101	64,177
	<u>83,591</u>	<u>96,812</u>

Following adoption of IFRS 16, a right of use asset, being the present value of the operating lease payments over the remaining life of the lease, has been recognised within fixed assets detailed in note 12. The right to use assets and corresponding lease liability have been calculated using a discount rate of 4.25%. The depreciation of the assets and interest charge are recognised in the Statement of Comprehensive Income in the year and the maturity analysis of lease liabilities is detailed above.

Lease payments relate to leases of property and motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022 £	2021 £
Amounts charged to the profit and loss account	<u>53,039</u>	<u>21,941</u>

### 19 Provisions for liabilities

	2022 £	2021 £
Warranty	85,076	39,036
LTIP	186,900	118,183
	<u>271,976</u>	<u>157,219</u>
<b>Analysis of provisions</b>		
Current liabilities	<u>271,976</u>	<u>157,219</u>



# Virgin Strauss Water UK Limited

## Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

### 19 Provisions for liabilities (Continued)

Movements on provisions:	Warranty £	LTIP £	Total £
At 1 January 2022	39,036	118,183	157,219
Additional provisions in the year	46,040	68,717	114,757
At 31 December 2022	85,076	186,900	271,976

The warranty provision is an estimate of the cost of service calls for the following year and is based on the preceding year data. A total of 2,950 (2021: 2,941) service calls have been provided for on a warranty customer base of 15,068 (2021: 15,137) at an average cost of £48.21 per call.

A Long Term Incentive Plan (LTIP) was introduced for key management personnel in 2017 with any award settled in cash. The plan covered the period from 1 January 2017 to 31 December 2019, and has now been extended to 31 December 2022. Awards are pro-rated for new entrants to the scheme during this period and forfeited if an employee leaves the company before the year end. Any award under the scheme will be based on performance against 3 key growth and financial targets which have been approved by the Board of Directors. At 31 December 2022 a provision has been calculated based on current progress towards those targets.

### 20 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	2,172,759	2,172,759	2,172,759	2,172,759
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	2,172,759	2,172,759	2,172,759	2,172,759
	2,172,759	2,172,759	2,172,759	2,172,759
<b>Preference share capital</b>				
<b>Authorised</b>				
Preference shares of £1 each	2,726,914	2,726,914	2,726,914	2,726,914
<b>Issued and fully paid</b>				
Preference shares of £1 each	2,726,914	2,726,914	2,726,914	2,726,914
<b>Total equity share capital</b>			4,899,673	4,899,673

Preference shares rank above ordinary shares in respect of amounts subscribed by preference shareholders plus accrued dividends. Preference shares are not redeemable and do not carry a fixed entitlement to a dividend but can be converted into ordinary shares and have voting rights attached to them.

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

*For the year ended 31 December 2022*

21

	2022 £	2021 £
At the beginning of the year	398,994	521,156
Other movements	(127,427)	(122,162)
At the end of the year	<u>271,567</u>	<u>398,994</u>

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

#### 22 Related party transactions

##### Other transactions with related parties

During the year the company entered into the following transactions with the parent company:

	Strauss Water Limited	
	2022	2021
	£	£
Opening balance	(31,038,892)	(25,881,601)
Loan principal	-	(750,000)
Transactions in the year	(2,600,012)	(2,515,795)
Management fees	(174,996)	(174,996)
Interest charges	(1,943,464)	(1,161,739)
Foreign exchange revaluation	(1,077,605)	(554,761)
	<u>(36,834,969)</u>	<u>(31,038,892)</u>

No guarantees have been given or received. As part of the deal referred to in note 22, intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023.

#### 23 Events after the reporting date

On the 10 January 2023 Virgin Green Fund SPV, L.P. sold their 28% holding in Virgin Strauss Water Limited to Strauss Water Limited, with Strauss Water Limited becoming a 100% owner of Virgin Strauss Water UK Limited. Subsequently, on the 10 January 2023, Strauss Water Limited sold 49% of their holding of Virgin Strauss Water UK Limited to Waterlogic GB Limited, who are owned by Culligan Water Limited. The consideration of this transaction was £3 million with Strauss Water Limited remaining the majority shareholder with 51%.

There is no change in business for Virgin Strauss Water UK Limited. As part of the deal, intercompany liabilities of £33,751,000 were waived and subordinated loan of £3,083,969 was repaid in January 2023.

## Virgin Strauss Water UK Limited

### Notes to the Financial Statements (CONTINUED)

For the year ended 31 December 2022

#### 24 Cash generated from operations

	2022 £	2021 £
Loss for the year after tax	(6,265,932)	(4,428,387)
<b>Adjustments for:</b>		
Net finance expense	2,094,305	1,435,168
Amortisation and impairment of intangible assets	141,947	151,991
Depreciation	452,194	450,583
Other gains and losses	1,507,945	131,015
	<u>(2,069,541)</u>	<u>(2,259,630)</u>
<b>Movements in working capital:</b>		
(Decrease)/increase in inventories and waterbar additions	937,156	(344,431)
(Decrease)/increase in trade and other receivables	(1,528,749)	(361,751)
Increase in trade and other payables	3,367,086	2,592,854
Decrease in provisions	68,717	28,574
	<u>774,669</u>	<u>(344,384)</u>
<b>Cash generated from/(absorbed by) operations</b>	<u><u>774,669</u></u>	<u><u>(344,384)</u></u>

#### 25 Controlling party

At the balance sheet date, Strauss Water Limited is the immediate parent company and Strauss Group Limited is the ultimate parent company by nature of their majority shareholding. Both companies are incorporated in Israel.

Copies of consolidated financial statements of the ultimate parent company are available from the registered office at 3A Yoni Netanyahu Or Yehunda, Israel, 603761.

#### 26 Analysis of changes in gross funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	577,457	266,283	843,740
Obligations under finance leases	(96,812)	13,221	(83,591)
	<u>480,645</u>	<u>279,504</u>	<u>760,149</u>

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