

Company Registration No. 5095089

CKI UK WATER LIMITED

Report and Financial Statements

31 December 2014



CKI UK WATER LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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CKI UK WATER LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

CKI UK Water Limited

Registered Office	3 More London Riverside London SE1 2AQ
Directors	Edmond Tak Chuen Ip Andrew John Hunter
Company Secretary	Norose Company Secretarial Services Limited
Auditor	Deloitte LLP Chartered Accountants Cambridge United Kingdom
Solicitors	Norton Rose 3 More London Riverside London SE1 2AQ
Bankers	HSBC 17 Gerrard Street London W1V 8HB

CKI UK WATER LIMITED

DIRECTORS' REPORT

The directors are pleased to submit their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2014.

The directors' report has been prepared in accordance with the provisions relating to small companies under s.416 of the Companies Act 2006.

FINANCIAL RESULTS AND DIVIDENDS

	£'000
Loss after taxation	(21)
Loss for the year	(21)
Retained profit at 1 January 2014	32,680
Retained profit at 31 December 2014	32,659

The directors do not recommend the payment of a dividend (2013: £nil).

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company is to act as the holding company for 100% owned subsidiaries. No change to the current operating performance is anticipated in the near future.

The financial results of the company are disclosed on pages 7-13.

DIRECTORS

The directors who served throughout the year and to date are listed on page 1.

BUSINESS ENVIRONMENT AND STRATEGY

Since the company is a holding company, the business environment does not impact the results of the company directly, however, the strategy of the group is to maximise profits from the distribution of bottled natural mineral water, whilst exploring other revenue streams from non-regulated sources to provide future growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is not subject to interest rate risk or foreign exchange risk nor does it consider itself subject to any competition, consolidation, legislation or regulatory risk. However these factors impact the performance of its trading subsidiary Icen Waters Limited, and hence the value of the company's investment in Icen Waters Limited.

The carrying amount of the investment in Icen Waters Limited was compared with its recoverable amount for impairment review purposes. As a result of the review, no impairment of the investment was recorded for the year ended 31 December 2014 (2013 - £nil) (see note 5).

KEY PERFORMANCE INDICATORS

The company does not monitor Key Performance Indicators (KPI's) due to the nature of the company, but management monitors distributable reserves to maximise the return to the parent company. Distributable reserves at 31 December 2014 were £32.7m (2013: £32.7m)

DIRECTORS' INTERESTS

No directors or their immediate families held equity in the company during the year or other UK Group companies.

At no time has the company operated any stock option schemes for directors or other staff.

FINANCIAL RISK

The company is exposed to financial risk in respect of its investments and receivables due to the financial performance of the underlying trading entities in the group. The group's strategy to manage these risks is discussed in the individual company financial statements. The Board approves all financial instruments used by the company and reviews policies for managing the risks. The company's financial assets and liabilities comprise borrowings in sterling, cash and debtors and creditors that arise directly from its operations. It is, and has been throughout the year and the previous year, the company's policy that no trading in financial instruments shall be undertaken.

DIRECTORS' REPORT (Continued)

GOING CONCERN

The company is primarily a holding company and therefore has limited cash inflows and outflows other than dividends and management fees which are received from, and paid to other group companies. Dividend payments are only made where there are sufficient distributable reserves. The declaration of dividends is under management's control and therefore dividends are not paid out if there is not sufficient cash to allow the company to continue trading on normal terms.

After taking account the above, the directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

SUPPLIER PAYMENT POLICY

The company's normal policy is to pay suppliers at the end of the month following that in which goods or services are invoiced. These terms are made known to suppliers when orders are placed.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board on

A handwritten signature in black ink, appearing to be 'Andrew John Hunter', written over a horizontal line.

Andrew John Hunter
Director

23 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CKI UK WATER LIMITED

We have audited the financial statements of CKI UK Water Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 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.

Respective responsibilities of directors and auditor

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. 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 directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its loss 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

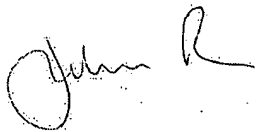
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CKI UK WATER LIMITED (continued)

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 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 preparing a Strategic Report or in preparing the Directors' Report.



Julian Rae (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

29 July 2015

CKI UK WATER LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Administrative expenses		<u>(24)</u>	<u>(23)</u>
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(24)	(23)
Tax on loss on ordinary activities	4	<u>3</u>	<u>3</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u><u>(21)</u></u>	<u><u>(20)</u></u>

All results are from continuing operations.

There are no recognised gains or losses in either year other than the loss for the year and the preceding year and hence no statement of total recognised gains and losses has been presented.

CKI UK WATER LIMITED

BALANCE SHEET

31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	5	3,250	3,250
CURRENT ASSETS			
Debtors	6	52,150	51,947
Cash at bank and in hand		1	1
		52,151	51,948
CREDITORS: amounts falling due within one year	7	(5,581)	(14)
NET CURRENT ASSETS		46,570	51,934
TOTAL ASSETS LESS CURRENT LIABILITIES		49,820	55,184
CREDITORS: amounts falling due after more than one year	8	-	(5,343)
NET ASSETS		49,820	49,841
CAPITAL AND RESERVES			
Called up share capital	9	17,161	17,161
Profit and loss account	10	32,659	32,680
SHAREHOLDERS' FUNDS	10	49,820	49,841

The financial statements of CKI UK Water Limited, registered number 5095089, were approved by the Board of Directors and authorised for issue on 23 July 2015.

Signed on behalf of the Board of Directors



Andrew John Hunter
Director

CKI UK WATER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the previous year is set out below.

Going concern

The company is primarily a holding company and therefore has limited cash inflows and outflows other than dividends and management fees which are received from, and paid to other group companies. Dividend payments are only made where there are sufficient distributable reserves. The declaration of dividends is under management's control and therefore dividends are not paid out if there is not sufficient cash to allow the company to continue trading on normal terms.

After taking account the above, the directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Basis of accounting

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

Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not prepared a cash flow statement because its ultimate parent undertaking, Hutchison Whampoa Limited, which is registered in Hong Kong, has prepared consolidated financial statements which are publicly available and include the results of the company and contain a cash flow statement.

Basis of consolidation

The following accounts represent the company's activities only and not those of the group as the company has applied s401 of the Companies Act 2006 exempting a parent undertaking from preparing and delivering consolidated accounts on the basis that the company meets all the conditions of the aforementioned section of the Act and the parent company (CKI, a company incorporated in Bermuda) prepares consolidated financial statements, which are publicly available.

Investments

The company carries the value of its investments at cost less any provision for impairments.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) 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 company'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.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

CKI UK WATER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Operating loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration for the audit of the company's annual accounts	10	10
Management fee expenses	13	12
	<u>23</u>	<u>22</u>

3. DIRECTORS' REMUNERATION AND EMPLOYEES

None of the directors received any emoluments in respect of services provided to the company in the current or prior year.

None of the directors were members of the defined benefit pension scheme in the current or prior year.

The company has no employees in the current or prior year.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current taxation		
UK corporation tax at 21.5% (2013 - 23.25%)	3	3
	<u>3</u>	<u>3</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2013 - 23.25%). The differences are explained below:

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(24)	(23)
Tax on loss on ordinary activities at 21.5% (2013 - 23.25%)	(5)	(5)
Effects of:		
Expenses not chargeable to tax	5	5
Sale of prior year tax loss	3	3
Current tax charge for the year	<u>3</u>	<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.

CKI UK WATER LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

5. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
Cost	
At 1 January 2014 and 31 December 2014	3,250
Net book value	
At 31 December 2014	3,250
At 31 December 2013	3,250

Subsidiary undertaking	Country of incorporation or principal business address	Principal activity	Holding	%
Iceni Waters Limited	UK	Manufacture of bottled water	Ordinary	100

6. DEBTORS

	2014 £'000	2013 £'000
Amounts falling due within one year:		
VAT debtor	1	1
Trade debtor	-	2
Amounts owed by group undertakings	-	3
Loans owed by group undertakings	45,402	45,471
Inter company group relief	2	-
	<u>45,405</u>	<u>45,477</u>
Amounts falling due in greater than one year.		
Loans owed by group undertakings	6,745	6,470
	<u>52,150</u>	<u>51,947</u>

The loans owed by group undertakings includes £6,745,000 (2013: £6,470,000) relating to an interest free loan with the company's 100% subsidiary Iceni Waters Limited, with no repayment date and £45,402,000 (2013: £45,471,000) relating to the sale proceeds receivable for the disposal of the company's investment in Cambridge Water PLC in the year ended 31 December 2011.

CKI UK WATER LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	11	14
Amounts owed to parent company	5,567	-
Amounts owed to group undertakings	3	-
	<u>5,581</u>	<u>14</u>

The parent company loan is interest free and unsecured. It is repayable on demand and is consequently disclosed as falling due within one year.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to parent company due after More than 1 year but less than 5 years	-	5,343
	<u>-</u>	<u>5,343</u>

9. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Called up, allotted and fully paid 17,161,375 ordinary shares of £1 each	17,161	17,161
	<u>17,161</u>	<u>17,161</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT IN RESERVES

	Called up share capital £'000	Profit and loss account £'000	Total shareholders funds £'000
At 1 January 2013	17,161	32,700	49,861
Loss for the year	-	(20)	(20)
	<u>17,161</u>	<u>32,680</u>	<u>49,841</u>
At 31 December 2013	17,161	32,680	49,841
Loss for the year	-	(21)	(21)
	<u>17,161</u>	<u>32,659</u>	<u>49,820</u>
At 31 December 2014	17,161	32,659	49,820

CKI UK WATER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

11. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of CKI, the company has taken advantage of the exemption, under FRS 8, not to disclose transactions with other group companies.

12. ULTIMATE PARENT COMPANY

At 31 December 2014, the company's immediate parent company is CKI UK Water (BVI) Limited, incorporated in the British Virgin Islands. This company is a wholly owned subsidiary of CKI, a company incorporated in Bermuda and whose shares are listed on The Stock Exchange of Hong Kong Limited. At 31 December 2014, the ultimate parent company of CKI UK Water (BVI) Limited, and therefore the ultimate controlling party of the group, was Hutchison Whampoa Limited, a company incorporated in Hong Kong. Consolidated financial statements are available from 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong. At 31 December 2014, the smallest and largest groups of which CKI UK Water Limited was a member and for which group financial statements are drawn up were CKI and Hutchison Whampoa Limited respectively.