

COMPANY REGISTRATION NUMBER 05698169

Surrey Aquatechnology Limited
Annual report and financial statements
31 December 2013

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Surrey Aquatechnology Limited
Annual report and financial statements
Year ended 31 December 2013

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Surrey Aquatechnology Limited
Officers and professional advisers
Year ended 31 December 2013

Board of directors	Simon Humphrey Peter Bristow
Company secretary	Tad Ostrowski (resigned 28 April 2014) Toby Schumacher (appointed 28 April 2014)
Registered office	Bramley House The Guildway Old Portsmouth Road Guildford Surrey GU3 1LR
Bankers	HSBC Bank plc HSBC House Mitchell Way Southampton Hampshire SO18 2XU
Solicitors	Norton Rose LLP 3 More London Riverside London SE1 2AQ

Surrey Aquatechnology Limited

Directors' report

Year ended 31 December 2013

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2013

Principal activities

The company's principal activity is the development of technology to purify saltwater and other liquid in an efficient and cost-effective manner

Review of the business, research and development and future developments

The profit and loss account is set out on page 6. The profit for the financial year was £13,543 (2012: loss of £152,001). The directors are unable to recommend the payment of a dividend (2012: £nil).

The company is part of the Modern Water plc group and further details of the group's performance for the year and future developments, including research and development activity, are set out in the strategic report on pages 3 to 8 of the annual report of Modern Water plc, the immediate and ultimate parent company, which does not form part of this report.

Going concern

The directors have received confirmation that Modern Water plc will continue to support the company for at least a year following the date of this report and hence believe that the going concern assumption of the basis of preparation of the financial statements remains appropriate, notwithstanding the net current liabilities position of the company.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Simon Humphrey
Peter Bristow

Directors' liability insurance

Modern Water plc has maintained liability insurance for the directors and officers of the company throughout the year and up to the date of approval of the financial statements. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Small company provisions

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

Signed on behalf of the board

Simon Humphrey
Director
24 July 2014

Surrey Aquatechnology Limited
Statement of directors' responsibilities
Year ended 31 December 2013

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Signed on behalf of the board

Simon Humphrey
Director
24 July 2014

Surrey Aquatechnology Limited
Profit and loss account
Year ended 31 December 2013

	Note	2013 £	2012 £
Turnover		-	-
Administrative expenses		13,543	(152,001)
Operating profit/(loss)	2	13,543	(152,001)
Loss on ordinary activities before taxation		13,543	(152,001)
Tax on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) for the financial year	10	13,543	(152,001)

All of the activities of the company are classed as continuing

The company has no recognised gains and losses other than the losses for the financial years as set out above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

Surrey Aquatechnology Limited
Notes to the financial statements
Year ended 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Intangible assets	5	426,875	399,175
Tangible assets	6	27,949	111,797
		<u>454,824</u>	<u>510,972</u>
Current assets			
Debtors	7	5,027	7,036
Cash at bank and in hand		521	551
		<u>5,548</u>	<u>7,587</u>
Creditors amounts falling due within one year	8	(1,662,545)	(1,734,275)
Net current liabilities		<u>(1,656,997)</u>	<u>(1,726,688)</u>
Total assets less current liabilities		<u>(1,202,173)</u>	<u>(1,215,716)</u>
Net liabilities		<u>(1,202,173)</u>	<u>(1,215,716)</u>
Capital and reserves			
Called up share capital	9	100	100
Share premium account	10	1,011,612	1,011,612
Profit and loss account	10	(2,213,885)	(2,227,428)
Total shareholders' deficit	11	<u>(1,202,173)</u>	<u>(1,215,716)</u>

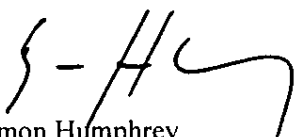
Audit exemption statement

For the year ending 31 December 2013 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements on pages 6 to 12 were approved by the Board of directors and signed on its behalf by


 Simon Humphrey
 Director
 24 July 2014

1. Accounting policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The directors have received confirmation that the parent company, Modern Water plc, will continue to support the company for at least a year following the date of approving these financial statements and hence believe that the going concern assumption of the basis of preparation of the financial statements remains appropriate, notwithstanding the net current liabilities position of the company

(b) Cash flow statement

As the results of the company are included in the financial statements of Modern Water plc, the company is consequently exempt from the obligation to prepare a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996), 'Cash Flow Statements'

(c) Intangible fixed assets

Patents

Acquired patents are initially recognised at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful economic lives of 20 years from filing date

Know-how

The ordinary share capital subscribed for by the technology inventors (A Sharif and University of Surrey) has been fair valued based on the subscription price paid by third parties to acquire shares in the company at the same time. The difference between the fair value and the price paid has been recognised as know-how, an intangible fixed asset to be amortised on a straight line basis over five years

(d) Impairment

Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use

(e) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Cost includes expenditure that is attributable to the acquisition of the items. Depreciation is provided on all tangible fixed assets on a straight-line basis at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Plant and machinery	3 - 4 years
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(f) Research and development

Expenditure on research activities is recognised as an expense in the year in which it is incurred

Any internally generated development intangible fixed asset is recognised only if all of the following are met

- the related expenditure is clearly identified and is part of a defined project
- future economic benefits are reasonably certain to be generated by the project and
- adequate resources exist, or are reasonably expected to exist, to enable the completion of the project

Surrey Aquatechnology Limited
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Year ended 31 December 2013

Where no internally generated intangible fixed asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred. Internally generated intangible fixed assets are amortised on a straight-line basis over three years.

(g) Deferred taxation

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

Deferred tax is measured on an undiscounted basis 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 at the balance sheet date.

2. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging/(crediting)

	Note	2013 £	2012 £
Net gain on foreign currency translation		(581)	-
Amortisation of intangible assets	5	28,094	37,422
Depreciation of owned fixed assets	6	83,848	83,847
Research and development expenditure		(163,604)	-

The company was not subject to audit for the year ended 31 December 2013, therefore there was no audit fee. The audit fee for the prior year was borne by Modern Water Services Limited (another 100% owned company within the Modern Water plc group).

3. Particulars of employees

There are no employees and the directors' remuneration during the year has been borne by other companies within the Modern Water plc group. Simon Humphrey is an executive director of the parent company, Modern Water plc, and a number of fellow subsidiaries. He is paid by Modern Water plc which makes no recharge to the company, and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly his total emoluments are included in the aggregate of directors' remuneration disclosed in the financial statements of Modern Water plc and these financial statements include no emoluments in respect of Simon Humphrey. Peter Bristow is paid by Modern Water Services Limited and his total emoluments are disclosed in the financial statements of that company. Modern Water Services Limited also makes no recharge to the company so there are also no emoluments in respect of Peter Bristow.

Surrey Aquatechnology Limited
Notes to the financial statements
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4. Tax on loss on ordinary activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower (2012 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2013 of 23.25% (2012 24.5%)

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	13,543	(152,001)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25 % (2012 24.5%)	3,149	(37,240)
Effects of		
Depreciation in excess of capital allowances	19,494	20,542
Unrelieved tax losses	-	16,698
Utilisation of tax losses	(22,643)	-
Current tax charge for the year	-	-

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. In addition to these changes in rates of corporation tax, further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. A rate of 20% has therefore been applied to unrecognised deferred tax balances. Deferred tax assets of £400,914 (2012 £483,451) in respect of losses have not been recognised, since their future utilisation is not yet sufficiently certain. Deferred tax assets not recognised at 31 December 2013 will reduce the tax charge in future periods if subsequently recognised.

5. Intangible assets

	Know-how £	Development costs £	Patents £	Total £
Cost				
At 1 January 2013	377,657	130,966	552,774	1,061,397
Additions	-	-	55,794	55,794
At 31 December 2013	377,657	130,966	608,568	1,117,191
Accumulated amortisation				
At 1 January 2013	377,657	130,966	153,599	662,222
Charge	-	-	28,094	28,094
At 31 December 2013	377,657	130,966	181,693	690,316
Net book value				
At 31 December 2013	-	-	426,875	426,875
At 31 December 2012	-	-	399,175	399,175

Surrey Aquatechnology Limited
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6. Tangible assets

	Plant and machinery £
Cost	
At 1 January 2013 and 31 December 2013	436,505
Depreciation	
At 1 January 2013	324,708
Charge	83,848
At 31 December 2013	408,556
Net book value	
At 31 December 2013	27,949
At 31 December 2012	111,797

7. Debtors

	2013 £	2012 £
Other debtors	5,027	7,036

8. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	33,953
Amounts owed to group undertakings	1,643,744	1,524,990
Accruals and deferred income	18,801	175,332
	1,662,545	1,734,275

Amounts owed to parent and group undertakings are non interest bearing, repayable on demand and have no securities attached to them

9. Called up share capital

Allotted and fully paid

	2013 £	2012 £
100,000 (2012 100,000) Ordinary shares of £0.001 each	100	100

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10. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2013	1,011,612	(2,227,428)
Profit for the financial year	-	13,543
At 31 December 2013	<u>1,011,612</u>	<u>(2,213,885)</u>

11. Reconciliation of movements in shareholders' deficit

	2013 £	2012 £
Profit/(loss) for the financial year	13,543	(152,001)
Opening shareholders' deficit	<u>(1,215,716)</u>	<u>(1,063,715)</u>
Closing shareholders' deficit	<u>(1,202,173)</u>	<u>(1,215,716)</u>

12. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 (revised), 'Related party disclosures', in not disclosing details of transactions with other companies which are 100% owned by Modern Water plc

13. Ultimate controlling party

The immediate and ultimate controlling party is Modern Water plc, a company registered in England and Wales, which is the parent company of the smallest and largest group to consolidate these financial statements. Modern Water plc holds 100% of the allotted ordinary share capital of the company.

The results of the company are included in the consolidated financial statements of Modern Water plc, copies of which are available from the Company Secretary, Modern Water plc, Bramley House, The Guildway, Old Portsmouth Road, Guildford, Surrey GU3 1LR.