

Registered number 06832970

WATEREVOLUTION LIMITED

**ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2013**

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COMPANIES HOUSE

WATEREVOLUTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 judgments and accounting estimates that are reasonable and prudent,
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company was that of product development of a heat/water recycling system for domestic and commercial use.

DIRECTORS

The directors who served during the year were

P W Holdsworth (resigned 29 May 2012)

S J Bates (appointed 28 May 2012)

A L Robison (appointed 28 May 2012)

H J Scanlon (appointed 28 May 2012)

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

GOING CONCERN

The directors and shareholders are committed to the company and its future. At the time of signing the financial statements the directors were in advanced discussions with the shareholders regarding a further tranche of funding, totalling £600,000, which is expected to be in place by the end of June 2013.

WATEREVOLUTION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

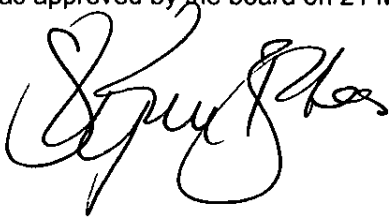
AUDITORS

Under section 487(2) of the Companies Act 2006, EQ Accountants LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 21 May 2013 and signed on its behalf

Mr S Bates
Director

A handwritten signature in black ink, appearing to be 'S Bates', written over a horizontal line.

WATEREVOLUTION LIMITED

INDEPENDENT AUDITORS' REPORT TO WATEREVOLUTION LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 9, together with the financial statements of Waterevolution Limited for the year ended 31 March 2013 prepared under section 396 of the Companies Act 2006

OTHER MATTERS

Advantage was taken in the prior year of the audit exemption regulations and consequently the comparative figures were not audited. We are not aware of any material misstatements in those figures.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 6 to 9 have been properly prepared in accordance with the regulations made under that section.

OTHER INFORMATION

On 21 May 2013 we reported as auditors to the members of the company on the financial statements prepared under section 396 of the Companies Act 2006 and our audit report was as follows:

We have audited the financial statements of Waterevolution Limited for the year ended 31 March 2013, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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.

WATEREVOLUTION LIMITED

INDEPENDENT AUDITORS' REPORT TO WATEREVOLUTION LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in the Directors' Report and note 1.1 Basis of preparation of the financial statements, concerning the company's ability to continue as a going concern.

The company incurred a net loss of £1.4million during the year ended 31 March 2013 and, at that date, the company's liabilities exceed its total assets by £2.4million. The directors and the shareholders have stated they are fully committed to the long term success of the company.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

WATEREVOLUTION LIMITED

**INDEPENDENT AUDITORS' REPORT TO WATEREVOLUTION LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

EQ Accountants LLP

Douglas Rae (Senior statutory auditor)

for and on behalf of
EQ Accountants LLP

Chartered Accountants
Statutory Auditors

14 City Quay
Dundee
DD1 3JA

21 May 2013

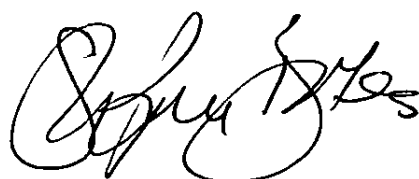
WATEREVOLUTION LIMITED
REGISTERED NUMBER 06832970

ABBREVIATED BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£	2013	£	As restated 2012	£
FIXED ASSETS						
Tangible assets	2			36,072		3,343
CURRENT ASSETS						
Stocks			7,598		-	
Debtors			58,067		121,349	
Cash at bank and in hand			209,746		72,205	
			<u>275,411</u>		<u>193,554</u>	
CREDITORS amounts falling due within one year			<u>(116,269)</u>		<u>(1,184,413)</u>	
NET CURRENT ASSETS/(LIABILITIES)				159,142		(990,859)
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>195,214</u>		<u>(987,516)</u>
CREDITORS amounts falling due after more than one year	3			<u>(2,559,763)</u>		<u>-</u>
NET LIABILITIES				<u><u>(2,364,549)</u></u>		<u><u>(987,516)</u></u>
CAPITAL AND RESERVES						
Called up share capital	4			8		8
Share premium account				580,040		580,040
Profit and loss account				<u>(2,944,597)</u>		<u>(1,567,564)</u>
SHAREHOLDERS' DEFICIT				<u><u>(2,364,549)</u></u>		<u><u>(987,516)</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 21 May 2013

Mr S Bates
Director



The notes on pages 7 to 9 form part of these financial statements

WATEREVOLUTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Going concern

The accounts have been prepared on the going concern basis which assumes that the company will continue to trade. The validity of this assumption is based on the continued support of the shareholders. If the company was unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

WATEREVOLUTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account

1.9 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred

2 TANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2012	9,534
Additions	40,375
Disposals	(9,534)
At 31 March 2013	40,375
Depreciation	
At 1 April 2012	6,191
Charge for the year	4,303
On disposals	(6,191)
At 31 March 2013	4,303
Net book value	
At 31 March 2013	36,072
At 31 March 2012	3,343

WATEREVOLUTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

3 CREDITORS

Amounts falling due after more than one year

Other loans totalling £1,050,000 (2012 - £1,050,000) are secured via bonds and floating charges over all the assets of the company

Loan notes totalling £1,366,250 (2012 - £nil) are secured over the assets of the company and are redeemable on 31 May 2016 at a value of £1,690,000. The loan note holders have an option to convert the liability into B Preference shares at any time prior to maturity, on obtaining written consent from a Noteholder majority

4 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
771 (2012 - 800) Ordinary 1p shares of £0.01 each	<u>8</u>	<u>8</u>

5 DIRECTORS' BENEFITS, ADVANCES, CREDIT AND GUARANTEES

Included within other debtors at the year ended 31 March 2012 was a loan to the director, Mr P Holdsworth, totalling £2,023. This was repaid in full during the year ended 31 March 2013 and there were no amounts outstanding at the year end.