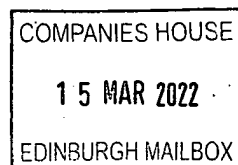
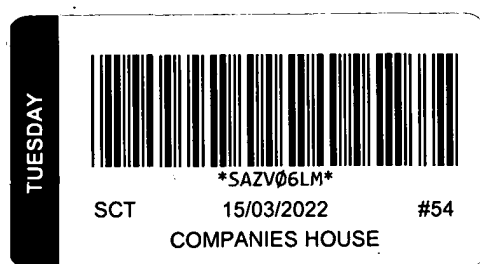


# **Eden Springs UK Limited**

## **Annual Report and Financial Statements**

For the year ended 31 December 2020

**Registered Number: 04063744**



# Eden Springs UK Limited

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# Eden Springs UK Limited

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## Company Information

### Directors

J Ausher  
S Kitching  
C Duffy  
S Harrison  
S Perkey

**Company secretary** Dentons Secretaries Limited

### Registered office

Unit D, Fleming Centre  
Fleming Way  
Crawley  
RH10 9NN

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

### Website

[www.edensprings.co.uk](http://www.edensprings.co.uk)

# Eden Springs UK Limited

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## Strategic Report

for the Year Ended 31 December 2020.

The directors present their strategic report on Eden Springs UK Limited (the "Company") for the year ended 31 December 2020.

### Results and dividends

The loss for the year amounted to £7,795,000 (2019: profit of £979,000). The directors do not recommend the payment of a dividend in 2020 (2019: £nil). The Company had net assets of £9,107,000 (2019: £16,902,000).

### Principal activities

The principal activity of the Company during the year was the supply and distribution of water coolers, water, coffee machines, coffee and other associated products.

### Business review

During 2020, the Company's trading has been adversely affected by the COVID-19 pandemic.

Customer activity dropped significantly at the start of the pandemic and remains lower than it was before the pandemic started.

In 2020 the company's revenue declined by 37%, arising from a drop in coffee revenue of 39% and of 35% in water revenue. The government response to COVID-19 resulted in lockdowns and work from home directives. This led to a higher number of inactive customers as well as lower consumption in those customers who remained active. As a result, sales of both coffee and water were adversely impacted. There was a small increase in sales of both water and coffee to residential customers but did not offset the adverse impact in the commercial customer base.

2020 saw further focus on improving service levels across the organisation, on diversifying the product offering, adapting the product range to meet customer demand and implementing biodegradable products.

In order to mitigate the impact of the COVID-19 crisis, the Company made use of the financial support offered by HM Government by deferring certain tax payments, and claiming funding under the Job Retention Scheme. At its peak approximately, half of the Company's employees were placed on furlough. The company has also benefited from ongoing financial support from other Primo group companies.

The impact on trading and on the Company's continuing ability to operate as a going concern are discussed in more detail in the Directors' Report on page 8.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below:

#### COVID-19

The COVID-19 lockdown measures imposed by the UK and devolved Governments has led to a large number of our private sector business customers moving to a work-from-home or flexible working. This has a direct impact on business customer consumption on both water and coffee. Company activity levels could continue to be impacted by this shift in working practices if the return to office working does not return to pre-pandemic levels. The Company has increased focus on residential opportunities as a way of mitigating the decline in consumption in the B2B customer base. The residential customer base has grown in 2020.

# Eden Springs UK Limited

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## Strategic Report

for the Year Ended 31 December 2020 (continued)

### *Industry shifts*

The shift in the water industry continues to be towards plumbed-in watercoolers as opposed to the more traditional bottled water cooler. This movement has continued to lead to increased competition for these products and has put pressure on pricing and margins. The Company has continued to offer competitive and compelling solutions for plumbed-in water solutions and has successfully offset the reduction in the bottled water cooler business by growing our customer base in 2020 in this area.

### *Labour costs*

Employee costs are the largest single component of the Company's operating costs. Our aim to offer high quality services is dependent on recruiting and retaining the right calibre of employees for our business. Our ability to do so is linked to local economic prosperity, employment levels and our image as an attractive employer. We seek to address this by offering competitive salary packages to all staff and by continued monitoring of staff morale and wellbeing.

### *Acquisitive growth*

Our strategy calls for regular acquisitions in our business, consequently exposing us to the risks associated with acquisitions and integrations.

The risks, associated with such a strategy include the availability of suitable acquisition candidates, and assimilating and integrating acquired companies into the Eden Springs UK Limited business model. In addition, potential difficulties inherent in mergers and acquisitions may adversely affect the results of an acquisition. These include delays in implementation or unexpected costs or liabilities, as well as the risk of failing to realize operating benefits or synergies from completed transactions.

We mitigate these risks by following systematic procedures for integrating acquisitions, applying strict financial criteria to any potential acquisition, and subjecting the process to close monitoring and review by local management and the Board.

The ongoing challenges of the COVID-19 pandemic meant that our acquisition strategy in 2020 was significantly impacted, and no acquisitions were made during 2020.

### **Key Performance Indicators ("KPIs")**

The business uses a number of operational and financial KPIs to monitor its performance; the most important indicators are as follows:

#### *Growth*

Eden Springs UK Limited maintains its position as the largest route-based water and coffee company in the UK, as measured by the average machine base, which is calculated by assessing the number of machines on rental or service contracts at customer sites.

#### *Consumption*

We monitor bottle sales per water cooler per month, which dropped by 39% compared to the prior year, again due to the impact of COVID-19 lockdowns.

Consumption per coffee client also dropped by up to 60% across product types, though online sales of consumables more than doubled.

# Eden Springs UK Limited

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## Strategic Report

for the Year Ended 31 December 2020 (continued)

### *Average revenue per cooler*

Average revenue per bottled cooler decreased in 2020 by 38% against 2019, whilst average revenue per plumbed-in cooler fell by 6%, as we gained larger new customers in this area, attracting more competitive pricing terms.

Average revenue per coffee machine has decreased by 30% from 2019.

### **Financial risk management**

The Company's operations expose it to financial risks, mainly credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company caused by these risks.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the local financial management. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the finance team.

### *Other risks*

Price risk, liquidity risk and interest rate cash flow risk are not deemed to be significant given the use of group funding in preference to external financing in operation at Eden Springs UK Limited.

## **Section 172 Companies Act 2016 Statement**

### *Directors*

Each Director is aware of their directors' duties with specific reference to section 172(1) (a-f) and if necessary, can seek additional support and advice to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

### *Stakeholders*

The directors of the Company believe it is fundamentally important that the values and principles which guide the Company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws.

Primo Water Corporation group policies mandate that the Directors serve in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole, having regard to the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment.

Our employees are fundamental to the attainment of our goals, and we aim to be a responsible employer in our approach to the pay and benefits our employees receive. Our strategy prioritises organic growth through the development and maintenance of strong client relationships. We also value our suppliers and our existing relationships with those suppliers.

We take into consideration the impact of the Company's operations on the community and environment and our wider societal responsibilities. Our intention is to behave responsibly and ensure that management operates the business in a responsible manner and in accordance with our high standards of business conduct.

## Eden Springs UK Limited

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### Strategic Report

for the Year Ended 31 December 2020 (continued)

The board undertakes an in-depth review of the Company's strategy each year, which includes the development of financial budgets, resource planning, and investment decisions, in which the Board takes into consideration the long-term consequences of those decisions on all the Company's stakeholders.

Our long-term goal is to consolidate our position as a leading provider of home and office water and beverages solutions.

The Board of Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the companies Act 2006) in the decisions taken during the year ended 31 December 2020.

#### ***Employee interests***

We aim to be a responsible employer in our approach to the pay and benefits our employees receive. These values are embedded in the decisions the Board take, the company's employee handbook and by virtue of various policy statements covering matters such as health and safety, the environment, modern slavery, bribery and corruption, and gender pay. All these documents are made available to all employees by various means, including the company online portal.

The Company is an equal opportunities employer and maintains company procedures that guarantee all employees equal access to employment opportunities.

The Company policy is to facilitate the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

The company policies relating to employee involvement continue to be updated in the light of best practice. Employees and their representatives are briefed, consulted and provided with information in a variety of ways designed to ensure that they are kept fully informed about developments in the Group including health and safety and financial performance.

#### ***Community and the Environment***

We recognise the environmental impact of our use of raw materials including use of energy, water and generation of waste; as well as the use and disposal of our products. We are committed to reducing our impact on the environment and improving internally, through our proactive environmental policies, energy reduction measures and various recycling programmes for our products.

#### ***Business conduct***

Everyone working for, including directors, must adhere to the company's ethical conduct policies. The company's employees have the right and obligation to report potential violations, by contacting the representatives in the Human Resources department, or via the dedicated Primo Group Ethics and Compliance Hotline. These reports can be made in person or, either in name or anonymously, by phone or email.

#### ***Shareholders***

The Board of Directors considers and only approves items of business that would promote the success of the company and acts in the best interests of the company, the company's immediate shareholders, the ultimate parent company and its stakeholders.

# Eden Springs UK Limited

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## Strategic Report

for the Year Ended 31 December 2020 (continued)

### Streamlined Energy & Carbon Report

Eden Springs (UK) Limited has reported its current UK based annual energy usage and associated annual greenhouse gas emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnership (Energy & Carbon Report) Regulations 2018 (the regulations) that is effective from 1 April 2019.

The calculations have been completed in line with the ESOS methodology specified in the 'Energy Savings Opportunity Scheme Guidance' Version 6. Greenhouse Gas conversion factors were taken from the 2020 Condensed set of conversion factors published by DEFRA.

### Breakdown of energy consumption

Total energy use covering electricity, gas and transport	7,172,066	kWh
Total emissions generated through consumption of gas	107	tCO2e
Total emissions generated through use of purchased electricity (market)	338	tCO2e
Total emissions generated through use of purchased electricity (location)	226	tCO2e
Total emissions generated through use of other fuels (Petrol)	36	tCO2e
Total emissions generated through use of other fuels (Diesel)	1,307	tCO2e
Total gross emissions (market)	1,794	tCO2e
Total gross emissions (location)	1,683	tCO2e

### Energy efficiency actions

In line with its commitment on environmental sustainability, the Company has taken the following actions to improve its carbon footprint and care for the environment in recent years:

- Reduction in plastic in small PET bottles through increase RPET & Lighter weight caps;
- 3G & 5G bottles are reused up to 50 times, resulting in a significant reduction in SUP;
- Re manufacture of water coolers rather than replacing with new each time;
- Move to Bio cups which are both recyclable and compostable; and
- Reduced energy consumption at one manufacturing site with the introduction of new roof see through segments allowing the use of natural day light, reducing the need to use as much electricity for lighting purposes.



# Eden Springs UK Limited

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## **Strategic Report** for the Year Ended 31 December 2020 (continued)

### *Website*

This statement is also published on the Company's website [www.edensprings.co.uk](http://www.edensprings.co.uk)

On behalf of the Board



.....  
S Harrison  
Director

Date: 14/03/2022

# Eden Springs UK Limited

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## Directors' Report

for the Year Ended 31 December 2020

The directors present their Director's report and the audited financial statements of Eden Springs UK Limited (the "Company") for the year ended 31 December 2020.

### Results and dividends

The loss for the year amounted to £7,795,000 (2019: profit of £979,000). The directors do not recommend the payment of a dividend in 2020 (2019: £nil).

### Future outlook

The principal activity of the Company during the year was the supply and distribution of water coolers, water, coffee machines, coffee and other associated products.

In line with the vision of the parent company Primo Water Corporation, Eden UK aims to continue to be the leading brand in the pure-play water category with a unique portfolio of sustainable drinking water solutions.

As well as targeting organic growth, the Company continues, with the support of its ultimate parent, to seek further suitable opportunities for acquisition and strategic partnership.

### Post Balance Sheet Event

The Company's business has been impacted by the COVID-19 pandemic during 2020. Customer activity dropped significantly at the start of the pandemic, but recovered steadily through the rest of the year. Activity remains lower than it was before the pandemic started. In order to mitigate the impact of the crisis, the Company made use of the financial support offered by HM Government by deferring certain tax payments, and claiming funding under the Job Retention Scheme. At its peak approximately half of the Company's employees were placed on furlough. The Company has also benefited from ongoing financial support from other Primo group companies.

### Going Concern

During 2020 the Company's trading has been adversely affected by the COVID-19 pandemic. The Company's forecasts indicate that it is likely to require ongoing financial support to settle its obligations as they fall due. The Company does not expect this to be a significant extension of the existing borrowings. Additional financial support can be sourced from the recall of intercompany debts or additional financial support from other group companies. The Company's immediate parent undertaking, Eden Springs Nederland B.V. and the ultimate parent Primo Water Corporation have provided confirmation that they will provide financial support to the Company for a period of at least one year from the date of approval of the annual report and financial statements; accordingly the financial statements are prepared on a going concern basis.

### Directors of the company

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

S Perkey

J Ausher (appointed 21 April 2020)

C Duffy (appointed 21 April 2020)

S Kitching (appointed 21 April 2020)

M Vernon (appointed 21 April 2020 and resigned 27 July 2021)

R Frieman (resigned 12 August 2020)

B Macpherson (resigned 12 August 2020)

# Eden Springs UK Limited

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## Directors' Report

for the Year Ended 31 December 2020 (continued)

### Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its success. The Company encourages the involvement of employees by means of regular meetings and focus groups, internet based communication and through the production of an in-house magazine.

### Disabled persons

The Company's policy for training and career development is to give full and fair consideration to any suitable person, including disabled persons, for all vacancies and opportunities and promotion. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that any appropriate re-training is arranged.

### Statement on engagement with suppliers, customers and others in a business relationship with the company

The Board undertakes an in-depth review of the Company's strategy each year, which includes the development of financial budgets, resource planning, and investment decisions, in which the Board takes into consideration the long-term consequences of those decisions on all the Company's stakeholders.

### Statement of directors' responsibilities in respect of the financial statements

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

# Eden Springs UK Limited

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## Directors' Report

for the Year Ended 31 December 2020 (continued)

### Disclosure of information to auditors

In the case of each of the persons who are directors at the time of this report the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



.....  
S Harrison  
Director

Date: 14/03/2022

## Eden Springs UK Limited

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### Independent Auditors' Report to the Members of Eden Springs UK Limited

#### Report on the audit of the financial statements

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##### **Opinion**

In our opinion, Eden Springs UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## Eden Springs UK Limited

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### Independent Auditors' Report to the Members of Eden Springs UK Limited (continued)

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

## Eden Springs UK Limited

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### Independent Auditors' Report to the Members of Eden Springs UK Limited (continued)

#### *Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, indirect taxes and direct taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to manipulate the result for the year. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual and evaluating the business rationale of any one-off significant transactions outside the normal course of business; and
- Challenging management on assumptions and judgements made in their significant accounting estimates.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Eden Springs UK Limited

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### Independent Auditors' Report to the Members of Eden Springs UK Limited (continued)

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### Other required reporting

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##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

14 March 2022



## Eden Springs UK Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2020

	<i>Note</i>	<i>2020</i> <i>£ 000</i>	<i>2019</i> <i>£ 000</i>
<b>Revenue</b>	5	28,285	44,635
Cost of sales		<u>(11,206)</u>	<u>(17,467)</u>
<b>Gross profit</b>		17,079	27,168
Administrative expenses		(23,141)	(24,486)
Other operating expenses		(1,371)	(419)
Other operating income		<u>1,458</u>	<u>-</u>
<b>Operating (loss)/profit</b>	6	(5,975)	2,263
Finance costs	8	<u>(1,992)</u>	<u>(1,827)</u>
<b>(Loss)/profit before tax</b>		(7,967)	436
Tax on (loss)/profit	9	<u>172</u>	<u>543</u>
<b>(Loss)/profit for the financial year</b>		<u>(7,795)</u>	<u>979</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(7,795)</u></u>	<u><u>979</u></u>

All activities relate to continuing operations.

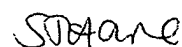
The notes on pages 18 to 42 form an integral part of these financial statements.

# Eden Springs UK Limited

## Statement of Financial Position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Intangible assets	10	35,488	36,301
Property, plant and equipment	11	6,590	5,930
Right-of-use assets	18	3,067	4,323
Investments	20	250	-
Deferred income tax asset	12	962	892
		<u>46,357</u>	<u>47,446</u>
<b>Current assets</b>			
Inventories	13	2,621	2,344
Trade and other receivables	14	11,529	12,481
Cash and cash equivalents	15	641	1,764
		<u>14,791</u>	<u>16,589</u>
<b>Creditors: amounts falling due within one year</b>	17, 19	<u>(49,752)</u>	<u>(43,966)</u>
<b>Net current liabilities</b>		<u>(34,961)</u>	<u>(27,377)</u>
<b>Total assets less current liabilities</b>		11,396	20,069
Creditors: Amounts falling due after more than one year	17, 19	(2,187)	(3,167)
Provisions for liabilities	16	(102)	-
<b>Net assets</b>		<u>9,107</u>	<u>16,902</u>
<b>Equity</b>			
Called up share capital	22	25,942	25,942
Share premium account		28,026	28,026
Accumulated losses		(44,861)	(37,066)
<b>Total Shareholders' funds</b>		<u>9,107</u>	<u>16,902</u>

The financial statements on pages 15 to 42 were approved by the board of directors on 14 March 2022 and were signed on its behalf by:



.....  
S Harrison  
Director  
Eden Springs UK Limited  
Registered Number: 04063744

The notes on pages 18 to 42 form an integral part of these financial statements.

## Eden Springs UK Limited

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### Statement of Changes in Equity for the Year Ended 31 December 2020

	<i>Called up share capital £ 000</i>	<i>Share premium account £ 000</i>	<i>Accumulated losses £ 000</i>	<i>Total equity £ 000</i>
At 1 January 2019	25,942	28,026	(38,045)	15,923
Profit for the year	-	-	979	979
Total comprehensive income for the year	-	-	979	979
At 31 December 2019	25,942	28,026	(37,066)	16,902
At 1 January 2020	25,942	28,026	(37,066)	16,902
Loss for the year	-	-	(7,795)	(7,795)
Total comprehensive loss for the year	-	-	(7,795)	(7,795)
At 31 December 2020	25,942	28,026	(44,861)	9,107

The notes on pages 18 to 42 form an integral part of these financial statements.

# Eden Springs UK Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2020

### 1 General information

The principal activity of the Company during the year was the supply and distribution of water coolers, water, coffee machines, coffee and other associated products.

The Company is a private company limited by share capital, incorporated in England and domiciled in the United Kingdom. Its Registered Office is located at Unit D, Fleming Centre, Fleming Way, Crawley RH10 9NN.

### 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### *Basis of preparation.*

The financial statements of Eden Springs UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
  - i. Paragraph 79(a)(iv) of IAS 1;
  - ii. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Significant accounting policies (continued)

##### *Basis of preparation (continued)*

iii. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information);
  - 134- 136 (capital management disclosures); and
  - IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

##### *Basis of consolidation*

The Company is a wholly owned subsidiary of Eden Springs Nederland B.V. and of its ultimate parent, Primo Water Corporation (formerly Cott Corporation). It is included in the consolidated financial statements of Primo Water Corporation, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

The address of the ultimate parent's registered office is 1200 Britannia Road East, Mississauga, Ontario L4W 4T5, Canada.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Significant accounting policies (continued)

##### **Going concern**

During 2020 the Company's trading has been adversely affected by the COVID-19 pandemic. The Company's forecasts indicate that it is likely to require ongoing financial support to settle its obligations as they fall due. The Company does not expect this to be a significant extension of the existing borrowings. Additional financial support can be sourced from the recall of intercompany debts or additional financial support from other group companies. The Company's immediate parent undertaking, Eden Springs Nederland B.V. and the ultimate parent Primo Water Corporation have provided confirmation that they will provide financial support to the Company for a period of at least one year from the date of approval of the annual report and financial statements; accordingly the financial statements are prepared on a going concern basis.

##### **Foreign currency translation**

###### *Functional and presentational currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling' (£), which is the Company's functional and the Company's presentational currency.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings, inter-company payables, cash and cash equivalents are presented in profit or loss within 'finance income or costs'.

##### **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing parts is added to the carrying amount of property, plant and equipment when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Significant accounting policies (continued)

##### **Property, plant and equipment (continued)**

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Freehold and and buildings	20 years
Leasehold buildings	over the term of lease
Plant and machinery:	
Coolers	5 to 10 years
Other	3 to 10 years
Motor vehicles	5 to 10 years
Office equipment, furniture and fittings	3 years

The assets' residual value, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in the income statement.

##### **Intangible assets**

###### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

###### *Customer portfolios*

Customer portfolios acquired in a business combination are recognised at fair value at acquisition date. The customer portfolios have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship, which does not exceed 10 years, and is included in Other Operating Expenses in the income statement.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Significant accounting policies (continued)

##### *Intangible assets (continued)*

###### *Computer software*

Computer software costs are capitalised and amortised on a straight-line basis over the estimated useful life of the software, normally up to 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred, and is included in Other Operating Expenses in the income statement.

##### *Investments*

The Company's investments in subsidiary undertakings are shown at cost less impairment losses.

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving or defective items where appropriate.

##### *Financial assets*

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company classifies its financial assets in the following category:

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost and gains and losses are recognised in the income statement. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The most significant financial assets under this category are 'trade and other receivables' and cash and cash equivalents.

###### *Trade receivables*

Trade receivables are amounts due from customers which generally have 30 to 60 day terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

###### *Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.



# Eden Springs UK Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Significant accounting policies (continued)

#### **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Customer deposits**

Deposits received on bottles and coolers are classified as current liabilities as they may be required to be repaid within one year. Any forfeited deposits are released to profit and loss and shown within other operating income.

#### **Deferred income**

Deferred income represents cooler lease receipts received in advance where customers are contractually obliged to pay for cooler rental services at the time of billing. These amounts are recognised as revenue in the year to which the lease relates.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless at the balance sheet date, the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **Pension obligations**

The Company operates a defined contribution retirement plan. Payments to the plan are charged as an expense as they fall due. The plan is a group personal pension scheme which is administered by trustees in a fund independent from those of the Company.

#### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value where the effect is material. The increase in the provision due to passage of time is recognised as interest expense.

#### **Ordinary shares**

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# Eden Springs UK Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

### 2 Significant accounting policies (continued)

#### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer.

The Company's activities are described in detail below:

#### *a) Rental revenue*

The Company provides water coolers and coffee machines to customers on rental agreements for a specified period, generally for 2 to 5 years. Rental charges are billed in advance in line with the terms of the agreements, generally monthly or quarterly, and the recognition of revenue is spread across the billing period on a time-apportioned basis. Early termination of an agreement often incurs termination fees, which are recognised at the point of billing.

#### *b) Bottled water and other consumables*

The Company sells bottled water, coffee capsules and sachets, biscuits, cups, stirrers and other ancillary consumable items required by users of water and coffee machines. Revenue from these items is recognised when the goods are delivered, in the case of water products, or shipped, in the case of coffee products.

Some key customers enter into retrospective volume rebate arrangements, generally tied to annual consumption commitments. Where required, appropriate accruals are recognised in anticipation of the rebates to be paid.

#### *c) Servicing*

Many customers require periodic sanitisation of their machines, which is charged separately. Sanitisation is billed and revenue recognised on execution of the work.

#### *d) Internet revenue*

The Company also sells machines and consumables on the internet and revenue is recognised when goods are shipped to the customer. Internet sales are usually settled by credit or debit card.

#### *e) Package deals*

Many customers have agreements which comprise elements of a, b and c above, covered by an agreed price. Typically a package price will include rental and an agreed quantity of consumables for a defined period. Revenue from these arrangements is spread over the billing period on a time-apportioned basis. At the end of the period, any consumption in excess of the agreed limit is chargeable on a per-unit basis, and recognised at the point of invoicing (which is later than the point of delivery).

# Eden Springs UK Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Significant accounting policies (continued)

#### **Taxation**

The tax expense represents the sum of the income tax charge for the year and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be paid (or recovered) to tax authorities, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are generally recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill, or from the initial recognition (other than a business combination) of other assets and liabilities that affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset or liability is settled.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity, including share based payments. Otherwise income tax is recognised in the income statement.

#### **Leases**

The Company leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 to 20 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Significant accounting policies (continued)

##### *Leases (continued)*

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there was no reasonable certainty that the Company would obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

## Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

### 2 Significant accounting policies (continued)

#### *Capital risk management*

The capital risk management for the Company is undertaken by the directors when they consider the Company's objectives; safeguarding the Company's ability to continue as a going concern, and providing the required returns for the ultimate parent undertaking and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### *Government grants*

Grants for specific expenses such as furlough costs are credited to income in profit and loss account in the same period as the relevant expense.

### 3 New and amended standards and interpretations

#### *New and revised IFRS applied with material effect on the financial statements*

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

#### *Amendments to IAS 1 and IAS 8 Definition of Material*

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

#### *Amendments to IFRS 16 Covid-19 Related Rent Concessions*

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 4 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies that are described above, management has made judgements and estimates. The areas involving a higher degree of judgement or complexity and where assumptions and estimates are significant to the financial statements are:

##### **Goodwill**

The Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated on page 21. The recoverable amount of cash-generating units has been determined on value-in-use calculations. These require the use of estimates (note 10).

The key assumptions used for value-in-use calculations for Water and Coffee are EBITA margin ranges of -23.4% to +20.0% (Water) and -8.5% to +5.3% (Coffee), revenue growth rates ranges of -33.7% to +16.9% (Water) and -39.7% to +19.5% (Coffee). The pre-tax discount rate used is 8.5% and reflects the specific risk relating to the assets.

Management determined budgeted gross margin on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports.

If the budgeted EBITA rates used in the value in use calculation had been 1% lower than management's estimate at 31 December 2020, the Company would have recognised an impairment of the coffee CGU of £nil (2019: £306,000). If the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimate at 31 December 2020, the Company would have recognised a £nil impairment (2019: £nil).

#### 5 Revenue

	2020 £ 000	2019 £ 000
Sale of goods	20,475	35,758
Rental income	6,044	6,000
Rendering of services	1,766	2,877
Total revenue	<u>28,285</u>	<u>44,635</u>

All the above revenue is generated in the United Kingdom and the origin and destination of revenue is the same in all cases.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Operating (loss)/profit

Company operating (loss)/profit is stated after charging:

	2020 £ 000	2019 £ 000
Wages and salaries	9,901	10,417
Social security costs	948	1,098
Other pension costs	363	398
Depreciation - owned assets	2,037	2,116
Depreciation - right-of-use assets	1,074	1,449
Impairment of intangibles	3,389	-
Amortisation of intangibles	852	980
Government grants	(1,458)	-
Audit services	105	89
Restructuring costs	<u>1,327</u>	<u>359</u>

Restructuring costs charge in the year comprised:

	2020 £ 000	2019 £ 000
IT system development expenditure	168	362
Payroll costs (inc. redundancies)	-	36
Site closure costs & dilapidations	-	(39)
Redundancy and severance costs	995	-
Vehicle lease terminations	65	-
Covid response costs	59	-
Other	40	-
	<u>1,327</u>	<u>359</u>

#### 7 Information regarding directors and employees

	2020 £ 000	2019 £ 000
<b>Directors' remuneration</b>		
Wages and salaries	558	182
Other pension costs	30	27
	<u>588</u>	<u>209</u>

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Information regarding directors and employees (continued)

During the period the remuneration cost of only one director (2019: one) was charged to the Company.

During the period the remuneration cost of three directors (2019: none) were paid by the Company but recharged to other Group entities.

During the period three Directors (2019: two) were paid by other Group entities as their services to the Company were incidental in relation to the services provided to other entities.

##### Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2020 £ 000	2019 £ 000
Wages and salaries	288	182
Other pension costs	5	27
	<u>293</u>	<u>209</u>

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

	2020 No.	2019 No.
Production	20	21
Sales	107	120
Distribution	172	186
Administration	50	60
	<u>349</u>	<u>387</u>

#### 8 Finance costs

	2020 £ 000	2019 £ 000
Intercompany loan interest	1,768	1,683
Finance costs - other interest, foreign exchange losses/(gains)	64	(80)
Interest expense on leases	160	224
	<u>1,992</u>	<u>1,827</u>



## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 9 Tax on (loss)/profit

(a) The major components of the taxation credit for the year are:

	2020 £ 000	2019 £ 000
<b>Current tax:</b>		
UK corporation tax (credit)/charge on (loss)/profit for the year	-	102
Foreign tax charge	-	23
Adjustment in respect of previous periods	(102)	(816)
	<u>(102)</u>	<u>(691)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	5	(71)
Adjustment in respect of previous periods	27	212
Effect of changes in tax rates	(102)	7
Total deferred taxation	<u>(70)</u>	<u>148</u>
<b>Taxation credit</b>	<u>(172)</u>	<u>(543)</u>

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 9 Tax on (loss)/profit (continued)

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:

##### (b) Factors affecting the taxation credit for the year

	2020 £ 000	2019 £ 000
<b>The effective tax rate for the year is reconciled to the actual tax credit as follows:</b>		
(Loss)/profit before tax	<u>(7,967)</u>	<u>436</u>
(Loss)/profit before tax multiplied by standard rate of income tax in the UK of 19% (2019: 19%)	(1,514)	83
<b>Effect of:</b>		
Group relief received	1,343	(227)
Non tax deductible expenditure and other permanent differences	176	175
Foreign tax charge	-	23
Adjustment in respect of previous periods	(75)	(604)
Change in taxation rates	<u>(102)</u>	<u>7</u>
<b>Tax credit for the year</b>	<u><b>(172)</b></u>	<u><b>(543)</b></u>

In April 2020 the Chancellor announced that the UK corporation tax rate would not reduce as previously planned, and would instead remain at 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

Deferred taxes at the balance sheet date have been measured using the tax rates applicable to their expected reversal years 19% (2019: 19%) and are reflected in these financial statements.

## Eden Springs UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 10 Intangible assets

	<i>Goodwill £ 000</i>	<i>Customer portfolios £ 000</i>	<i>Computer software £ 000</i>	<i>Total £ 000</i>
<b>Cost</b>				
At 1 January 2020	32,127	16,498	2,581	51,206
Additions	-	-	39	39
Disposals	-	-	-	-
<b>At 31 December 2020</b>	<b>32,127</b>	<b>16,498</b>	<b>2,620</b>	<b>51,245</b>
<b>Accumulated amortisation and impairment</b>				
At 1 January 2020	-	12,411	2,494	14,905
Amortisation expense for the year	-	815	37	852
<b>At 31 December 2020</b>	<b>-</b>	<b>13,226</b>	<b>2,531</b>	<b>15,757</b>
<b>Net book value</b>				
At 31 December 2020	<u>32,127</u>	<u>3,272</u>	<u>89</u>	<u>35,488</u>
At 31 December 2019	<u>32,127</u>	<u>4,087</u>	<u>87</u>	<u>36,301</u>

#### **Impairment tests for goodwill**

The recoverable amount has been determined based on value-in-use calculations for both the water and coffee cash-generating units. These calculations use pre-tax cash flow projections, based on financial budgets approved by management covering a five-year period and are extrapolated using estimated growth rates.

This calculation has resulted in a £nil impairment as at 31 December 2020 (2019: £nil).

## Eden Springs UK Limited

### Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

#### 11 Property, plant and equipment

	Assets under construction £ 000	Freehold land and buildings £ 000	Leasehold buildings £ 000	Motor vehicles £ 000	Plant and machinery £ 000	Office equipment, furniture and fittings £ 000	Total £ 000
<b>Cost</b>							
At 1 January 2020	-	2,807	1,478	3,491	42,093	4,892	54,761
Additions	18	-	118	-	2,523	101	2,760
Disposals	-	-	(169)	(191)	(90)	(40)	(490)
At 31 December 2020	18	2,807	1,427	3,300	44,526	4,953	57,031
<b>Accumulated depreciation</b>							
At 1 January 2020	-	2,386	1,345	3,245	37,091	4,764	48,831
Charge for the year	-	146	61	18	1,745	67	2,037
Disposals	-	-	(153)	(191)	(44)	(39)	(427)
At 31 December 2020	-	2,532	1,253	3,072	38,792	4,792	50,441
<b>Net book value</b>							
At 31 December 2020	18	275	174	228	5,734	161	6,590
At 31 December 2019	-	421	133	246	5,002	128	5,930

#### 12 Deferred income tax asset

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	31-Dec 2020 £'000	31-Dec 2019 £'000
<b>Deferred tax assets:</b>		
on accelerated capital allowances and temporary timing differences	812	758
on tax losses carried forward	150	134
<b>Deferred tax assets (net)</b>	962	892

Deferred tax assets amounting to £962,000 will be recovered within 12 months.

## Eden Springs UK Limited

### Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

#### 12 Deferred income tax asset (continued)

The gross movement on the deferred income tax account is as follows:

	2020 £ 000	2019 £ 000
At 1 January	892	1,012
Adjustment in respect of prior years	(27)	(184)
Deferred tax charge for the year	97	64
<b>At 31 December</b>	<b>962</b>	<b>892</b>

#### 13 Inventories

	2020 £ 000	2019 £ 000
Finished goods	2,621	2,344

The cost of inventories recognised as an expense by the Company and included in cost of sales amounted to £7,355,000 (2019: £13,768,000).

#### 14 Trade and other receivables

	2020 £ 000	2019 £ 000
<b>Current</b>		
Trade receivables	6,278	7,308
Less: provision for impairment of receivables	(1,511)	(745)
Trade receivables-net	4,767	6,563
Receivable from group undertakings	4,981	4,129
Prepayments	1,085	872
Accrued income	77	407
Tax receivable	-	197
Other receivables	519	313
	11,429	12,481
<b>Non-current</b>		
Loan receivable	100	-
	11,529	12,481

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 14 Trade and other receivables (continued)

Receivables from group undertakings are unsecured, repayable on demand and bear no interest. Trade receivables are non-interest bearing and are generally on 30 or 60 day terms.

Accrued income refers to the value of goods and services delivered in the period immediately prior to the year-end but not yet invoiced.

Net Trade receivables includes £1,009,917 (2019: £965,000) of deferred revenue that is contractually payable to Eden Springs UK, but recorded in advance of the earnings process, with corresponding amounts recorded as contract liabilities - deferred income.

In December 2020 the Company agreed to subscribe for shares in, and to advance a loan of £100,000 to Biba Limited, to help finance the organic growth of its business. The loan bears interest, payable quarterly, and is repayable on the occurrence of certain defined events.

#### Movement on provision for impairment of trade receivables

	2020 £ 000	2019 £ 000
Provision at beginning of the year	745	271
New provisions in the year	1,210	682
Provisions utilised in the year	(444)	(208)
Provision at end of the year	<u>1,511</u>	<u>745</u>

#### 15 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank and on hand	<u>641</u>	<u>1,764</u>

#### 16 Provision for liabilities

	Litigation £ 000
At 1 January 2020	-
Charged to Statement of Comprehensive Income	<u>102</u>
At 31 December 2020	<u>102</u>

The provision represents the best estimated liabilities arising from third party claims against the Company, after insurance recoveries.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 17 Creditors

	2020 £ 000	2019 £ 000
<b>Amounts falling due within one year</b>		
Trade creditors	1,431	2,274
Taxation and social security	1,433	1,024
Other payroll accruals	241	589
Amounts owed to group undertakings	9,163	4,533
Amounts owed to parent undertakings	32,074	30,309
Customer deposits	603	516
Deferred income	1,320	1,402
Lease liabilities	845	1,129
Other creditors	116	22
Accrued expenses	2,526	2,168
	<u>49,752</u>	<u>43,966</u>
<b>Amounts falling due after more than one year</b>		
Lease liabilities	2,187	3,167
	<u>51,939</u>	<u>47,133</u>

The amounts owed to group undertakings are unsecured, repayable on demand and bear no interest. Amounts owed to parent undertakings are repayable on demand and bear interest at 5.7% (2019: 5.7%). There is no significant difference between the net book amount and the fair value of current trade and other payables due to their short term nature.

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 18 Right-of-use assets

	<i>Buildings</i> £ 000	<i>Vehicles</i> £ 000	<i>Office Equipment</i> £ 000	<i>Total</i> £ 000
<b>Cost or valuation</b>				
At 1 January 2020	3,914	1,858	-	5,772
Additions	-	87	77	164
Disposals	(435)	-	-	(435)
At 31 December 2020	<u>3,479</u>	<u>1,945</u>	<u>77</u>	<u>5,501</u>
<b>Depreciation</b>				
At 1 January 2020	713	736	-	1,449
Charge for the year	550	470	54	1,074
Eliminated on disposal	(89)	-	-	(89)
At 31 December 2020	<u>1,174</u>	<u>1,206</u>	<u>54</u>	<u>2,434</u>
<b>Carrying amount</b>				
At 31 December 2020	<u>2,305</u>	<u>739</u>	<u>23</u>	<u>3,067</u>
At 31 December 2019	<u>3,201</u>	<u>1,122</u>	<u>-</u>	<u>4,323</u>



## Eden Springs UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 19 Lease liabilities

	2020 £ 000	2019 £ 000
At 1 January	4,296	41
Additions during the year	(246)	1,680
Effect from discounting at the incremental borrowing rate of 5.2%	160	224
Lease payments for the period	(1,177)	(1,676)
Lease liability at transition (30 December 2018)	-	4,027
At 31 December	<u>3,033</u>	<u>4,296</u>
Current portion of lease liabilities	846	1,129
Long term lease liabilities	<u>2,187</u>	<u>3,167</u>

Future minimum lease payments at 31 December 2020 are as follows:

	2020 £ 000	2019 £ 000
Not later than one year	977	1,178
Later than one year and not later than 5 years	2,067	2,855
later than 5 years	<u>449</u>	<u>955</u>
Total gross payments	3,493	4,988
Impact of finance expenses	<u>(460)</u>	<u>(692)</u>
Carrying amount of liability	<u>3,033</u>	<u>4,296</u>

The total cash outflow for leases during the year was £1,177,000 (2019: £1,676,000).

## Eden Springs UK Limited

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### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 20 Investments

	£ 000
<b>Cost</b>	
At 1 January 2020	-
Additions	250
At 31 December 2020	250
<b>Provision for impairment</b>	
At 1 January 2020 and 31 December 2020	-
<b>Carrying amount</b>	
At 31 December 2020	250

The Company owns the entire share capital as shown below of the following entities, all of which were non-trading as at 31 December 2020:

Name of company	Country of registration	Share Class Ownership
Kafevend Holdings Ltd	England	Ordinary 100%, Deferred 100%
Kafevend Group Ltd	England	Ordinary 100%
Garraways Ltd	England	Ordinary 100%
The Shakespeare Coffee Company Ltd	England	Ordinary 100%
Hydropure Distribution Ltd	England	Ordinary 100%
Pure Choice Watercoolers Ltd	England	Ordinary 100%
Water Coolers (Scotland) Ltd	Scotland	Ordinary 100%, Preference 100%
Old WCS (Bottlers) Ltd	Scotland	Ordinary 100%

Each of the subsidiary companies registered in England has its Registered Office at Unit D, Fleming Centre, Fleming Way, Crawley RH10 9NN. The subsidiary companies registered in Scotland have their Registered Office at 3 Livingstone Boulevard, Blantyre, G72 0BP.

## Eden Springs UK Limited

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### Notes to the Financial Statements

for the Year Ended 31 December 2020 (continued)

#### 21 Retirement benefit obligations

The Company operates defined contribution retirement benefit plans for all qualifying employees of Eden Springs UK Limited. The assets of the plans are held separately from those of the Company in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of comprehensive income of £363,000 (2019: £398,000) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 December 2020, contributions of £52,000 (2019: £61,000) due in respect of the 2020 reporting year had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting year.

#### 22 Called up share capital

	2020 £ 000	2019 £ 000
<b>Allotted, called up and fully paid</b>		
25,942,237 (2019: 25,942,237) ordinary shares of £1 each	<u>25,942</u>	<u>25,942</u>

#### 23 Guarantees and other financial commitments

##### (a) Capital commitments

At 31 December 2020, the Company had £nil capital expenditure contracted for but not yet incurred (2019: £nil).

##### (b) Contingent liabilities

In December 2020 the Company agreed to subscribe for shares in Biba Limited, a supplier of water coolers. At the same time the Company entered into a Put/Call Option agreement with the other shareholders of Biba Limited which if exercised would result in the purchase of a further stake in Biba Limited. The Option Period will open during 2026. If exercised, the option price will be set according to certain criteria related to the performance of Biba Limited in the intervening period.

#### 24 Post balance sheet event

The Company's business has been impacted by the COVID-19 pandemic during 2020. Customer activity dropped significantly at the start of the pandemic, but recovered steadily through the rest of the year. Activity remains lower than it was before the pandemic started. In order to mitigate the impact of the crisis, the Company made use of the financial support offered by HM Government by deferring certain tax payments, and claiming funding under the Job Retention Scheme. At its peak approximately half of the Company's employees were placed on furlough. The Company has also benefited from ongoing financial support from other Primo group companies.

## Eden Springs UK Limited

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### **Notes to the Financial Statements** for the Year Ended 31 December 2020 (continued)

#### **25 Controlling parties**

The immediate parent undertaking is Eden Springs Nederland B.V.

The ultimate parent undertaking and controlling party is Primo Water Corporation, registered in Canada, whose principal corporate offices are located at 4221 West Boy Scout Boulevard, Suite 400, Tampa, Florida 33607, USA.

The parent undertaking of the largest group to consolidate these financial statements is Primo Water Corporation. Copies of the Primo Water Corporation consolidated financial statements can be obtained at [www.primowater.com](http://www.primowater.com) or from its registered office at 1200 Britannia Road East, Mississauga, Ontario L4W 4T5, Canada.