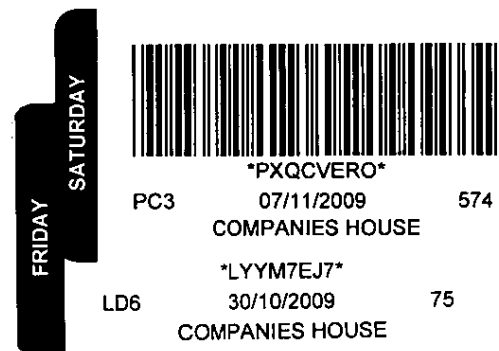


**SOFT WATER SYSTEMS LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 2008**



**BREBNERS**  
Chartered Accountants  
6th Floor  
Tubs Hill House North  
London Road  
Sevenoaks  
Kent  
TN13 1BL

**SOFT WATER SYSTEMS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2008**

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**SOFT WATER SYSTEMS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

Mr I N Jones  
Mrs L Lamb

**Company secretary**

Mrs J V Jones

**Registered office**

Unit 1  
Block 2  
Vestry Trading Estate  
Sevenoaks  
Kent  
TN14 5EL

**Accountants**

Brebners  
Chartered Accountants  
6th Floor  
Tubs Hill House North  
London Road  
Sevenoaks  
Kent  
TN13 1BL

**Bankers**

Barclays Bank plc  
80 High Street  
Sevenoaks  
Kent  
TN13 1LR

NatWest Bank  
67 High Street  
Sevenoaks  
Kent  
TN13 1LA

# SOFT WATER SYSTEMS LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2008

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The directors present their report and the unaudited financial statements of the company for the year ended 31st December 2008.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was retailing and installing water softeners, filters, salt and reverse osmosis units.

The directors were disappointed with the results for the year although they are pleased that there was an improv

The directors are confident of this continuing to improve and expect to make a small profit in the coming year.

### DIRECTORS

The directors who served the company during the year were as follows:

Mr I N Jones

Mrs L Lamb

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors

MRS J V JONES  
Company Secretary

Approved by the directors on ..... J. V. Jones. 30/01/09

# SOFT WATER SYSTEMS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2008

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	Note	2008 £	2007 £
<b>TURNOVER</b>		<b>103,720</b>	<b>92,753</b>
Cost of sales		<u>66,095</u>	<u>65,183</u>
<b>GROSS PROFIT</b>		<b>37,625</b>	<b>27,570</b>
Administrative expenses		<u>50,841</u>	<u>54,782</u>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(13,216)</b>	<b>(27,212)</b>
Interest payable and similar charges		<u>3,004</u>	<u>1,490</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(16,220)</b>	<b>(28,702)</b>
Tax on loss on ordinary activities		<u>(3,660)</u>	<u>(5,702)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(12,560)</u></b>	<b><u>(23,000)</u></b>

The notes on pages 5 to 8 form part of these financial statements.

# SOFT WATER SYSTEMS LIMITED

## BALANCE SHEET

31ST DECEMBER 2008

	Note	2008 £	£	2007 £	£
<b>FIXED ASSETS</b>					
Tangible assets	3		10,362		2,446
<b>CURRENT ASSETS</b>					
Stocks		474		449	
Debtors	4	13,168		8,547	
Cash at bank and in hand		110		958	
		13,752		9,954	
<b>CREDITORS: Amounts falling due within one year</b>	6	37,297		20,922	
<b>NET CURRENT LIABILITIES</b>			(23,545)		(10,968)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(13,183)		(8,522)
<b>CREDITORS: Amounts falling due after more than one year</b>	7		21,229		13,330
			(34,412)		(21,852)
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	9		100		100
Profit and loss account	10		(34,512)		(21,952)
<b>DEFICIT</b>			(34,412)		(21,852)

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

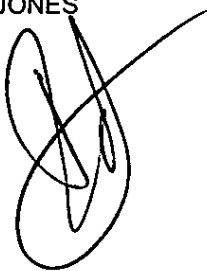
The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors and authorised for issue on 30/01/09 and are signed on their behalf by:

MR I N JONES  
Director



The notes on pages 5 to 8 form part of these financial statements.

**SOFT WATER SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2008**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 25% straight line
Equipment	- 33.3% straight line

**Stocks**

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

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

**Deferred taxation**

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basis of preparation**

The company is dependent upon the continuing support of its shareholders. The financial statements have been prepared on a going concern basis, which assumes that the company will be able to continue trading.

**SOFT WATER SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2008**

**2. OPERATING LOSS**

Operating loss is stated after charging:

	2008 £	2007 £
Directors' emoluments	800	–
Depreciation of owned fixed assets	1,433	1,433
Depreciation of assets held under hire purchase agreements	<u>406</u>	<u>–</u>

**3. TANGIBLE FIXED ASSETS**

	Motor Vehicles £	Equipment £	Total £
<b>COST</b>			
At 1st January 2008	–	4,298	4,298
Additions	<u>9,755</u>	<u>–</u>	<u>9,755</u>
<b>At 31st December 2008</b>	<u>9,755</u>	<u>4,298</u>	<u>14,053</u>
<b>DEPRECIATION</b>			
At 1st January 2008	–	1,852	1,852
Charge for the year	<u>406</u>	<u>1,433</u>	<u>1,839</u>
<b>At 31st December 2008</b>	<u>406</u>	<u>3,285</u>	<u>3,691</u>
<b>NET BOOK VALUE</b>			
<b>At 31st December 2008</b>	<u>9,349</u>	<u>1,013</u>	<u>10,362</u>
At 31st December 2007	<u>–</u>	<u>2,446</u>	<u>2,446</u>

**Hire purchase agreements**

Included within the net book value of £10,362 is £9,349 (2007 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £406 (2007 - £Nil).

**4. DEBTORS**

	2008 £	2007 £
Trade debtors	3,935	2,923
Corporation tax repayable	–	62
Other debtors	115	104
Deferred taxation (note 5)	<u>9,118</u>	<u>5,458</u>
	<u>13,168</u>	<u>8,547</u>

**SOFT WATER SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2008**

**5. DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows:

	2008 £	2007 £
Included in debtors (note 4)	<u>9,118</u>	<u>5,458</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	(1,876)	(120)
Tax losses available	<u>10,994</u>	<u>5,578</u>
	<u>9,118</u>	<u>5,458</u>

**6. CREDITORS: Amounts falling due within one year**

	2008 £	2007 £
Bank loans and overdrafts	13,573	3,600
Trade creditors	13,640	9,225
Other taxation and social security	1,906	1,930
Hire purchase agreements	1,361	—
Other creditors	<u>6,817</u>	<u>6,167</u>
	<u>37,297</u>	<u>20,922</u>

The bank loan referred to above, and in note 7 below, is secured by way of a personal guarantee from the Director, Mr. I. N. Jones.

**7. CREDITORS: Amounts falling due after more than one year**

	2008 £	2007 £
Bank loans	13,194	13,330
Hire purchase agreements	<u>8,035</u>	<u>—</u>
	<u>21,229</u>	<u>13,330</u>

**SOFT WATER SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2008**

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**8. RELATED PARTY TRANSACTIONS**

The following disclosures are given in accordance with Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures".

**Control**

No one entity had control or ultimate control of the company during the year.

**Related Party Transactions**

Included within other creditors in the creditor note above is an amount of £3,905 (2007 - £3,503) due to the director, Mr I.N. Jones.

During the year the company made sales and purchases with Bayly Environmental Services Limited. At the balance sheet date, a balance of £993 (2007 - £952) was included within trade debtors, and a balance of £366 (2007 - £0) was included within trade creditors. Mr I.N. Jones, a director of and a shareholder in this company, is a director of and shareholder in, Bayly Environmental Services Limited.

Other than the above and that which is mentioned at the foot of note 11, there were no related party transactions requiring disclosure under the terms of Financial Reporting Standard 8.

**9. SHARE CAPITAL**

**Authorised share capital:**

	2008 £	2007 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2008 No	£	2007 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**10. PROFIT AND LOSS ACCOUNT**

	2008 £	2007 £
Balance brought forward	(21,952)	1,048
Loss for the financial year	<u>(12,560)</u>	<u>(23,000)</u>
Balance carried forward	<u>(34,512)</u>	<u>(21,952)</u>