Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	984 522 738
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WATERLOGIC NORGE AS
Forretningsadresse:	Trollåsveien 34-36 1414 TROLLÅSEN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Erik Gulbrandsen
Dato for fastsettelse av årsregnskapet:	06.07.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.07.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		191 254 896	203 401 833
Annen driftsinntekt		3 524 802	15 309
Sum inntekter		**194 779 698**	**203 417 142**
Kostnader			
Varekostnad		54 353 175	49 441 544
Lønnskostnad		76 287 625	82 019 891
Avskrivning på varige driftsmidler og immaterielle eiendeler		30 331 461	33 879 102
Nedskrivning av varige driftsmidler og immaterielle eiendeler			3 351 050
Annen driftskostnad		31 663 849	29 905 841
Sum kostnader		**192 636 110**	**198 597 428**
Driftsresultat		**2 143 588**	**4 819 714**
Finansinntekter og finanskostnader			
Annen renteinntekt		161 025	146 553
Annen finansinntekt			350 927
Sum finansinntekter		**161 025**	**497 480**
Rentekostnad til foretak i samme konsern		6 627 947	7 572 155
Annen rentekostnad		184 975	184 028
Annen finanskostnad		640 000	414 418
Sum finanskostnader		**7 452 922**	**8 170 601**
Netto finans		**-7 291 897**	**-7 673 121**
Ordinært resultat før skattekostnad		**-5 148 309**	**-2 853 407**
Skattekostnad på ordinært resultat		-1 029 473	-533 019
Ordinært resultat etter skattekostnad		**-4 118 836**	**-2 320 388**
Årsresultat		**-4 118 836**	**-2 320 388**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-4 118 836	-2 320 387

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		**-4 118 836**	**-2 320 387**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		26 195 590	25 165 619
Goodwill			405 682
Immaterielle eiendeler		18 250 400	20 857 600
Sum immaterielle eiendeler		**44 445 990**	**46 428 901**
Varige driftsmidler			
Maskiner og anlegg		52 632 912	57 310 718
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		8 101 597	8 359 437
Sum varige driftsmidler		**60 734 509**	**65 670 155**
Finansielle anleggsmidler			
Investering i datterselskap		27 985 082	27 985 082
Andre fordringer		6 436 398	
Sum finansielle anleggsmidler		**34 421 480**	**27 985 082**
Sum anleggsmidler		**139 601 979**	**140 084 138**
Omløpsmidler			
Varer			
Varer		12 945 773	18 775 467
Sum varer		**12 945 773**	**18 775 467**
Fordringer			
Kundefordringer		15 458 983	28 522 957
Andre fordringer		3 777 924	4 630 054
Konsernfordringer			390 735
Sum fordringer		**19 236 907**	**33 543 746**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		19 503 602	11 249 256
Sum bankinnskudd, kontanter og lignende		**19 503 602**	**11 249 256**
Sum omløpsmidler		**51 686 282**	**63 568 469**

Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		**191 288 261**	**203 652 607**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		250 000	250 000
Overkurs		734 970	734 970
Annen innskutt egenkapital		336 000	336 000
Sum innskutt egenkapital		**1 320 970**	**1 320 970**
Opptjent egenkapital			
Annen egenkapital		198 978	4 749 501
Sum opptjent egenkapital		**198 978**	**4 749 501**
Sum egenkapital		**1 519 948**	**6 070 471**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		121 660 549	121 685 192
Øvrig langsiktig gjeld			3 740 952
Sum annen langsiktig gjeld		**121 660 549**	**125 426 144**
Sum langsiktig gjeld		**121 660 549**	**125 426 144**
Kortsiktig gjeld			
Leverandørgjeld		2 952 525	8 813 524
Skyldige offentlige avgifter		9 519 969	10 675 738
Kortsiktig konserngjeld		25 124 933	16 106 295
Annen kortsiktig gjeld		30 510 335	36 560 436
Sum kortsiktig gjeld		**68 107 762**	**72 155 993**
Sum gjeld		**189 768 311**	**197 582 137**
SUM EGENKAPITAL OG GJELD		**191 288 259**	**203 652 608**

Balanse

Beløp i: NOK	Note	2020	2019

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer:	2021 786053

Enheten

Organisasjonsnummer:	984 522 738
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WATERLOGIC NORGE AS
Forretningsadresse:	Trollåsveien 34-36 1414 TROLLÅSEN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

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Konsernregnskap lagt ved:	Ja

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Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Erik Gulbrandsen
Dato for fastsettelse av årsregnskapet:	06.07.2021

Revisjon

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører:	Ja

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.10.2021

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 984 522 738
WATERLOGIC NORGE AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		191 254 896	203 401 833
Annen driftsinntekt		3 524 802	15 309
Sum inntekter		**194 779 698**	**203 417 142**
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Årsresultat		**-4 118 836**	**-2 320 388**
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Organisasjonsnr: 984 522 738
WATERLOGIC NORGE AS

BALANSE

Beløp i: NOK	Note	2020	2019
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Anleggsmidler			
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Varer			
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SUM EIENDELER		**191 288 261**	**203 652 607**
BALANSE - EGENKAPITAL OG GJELD			

Egenkapital		
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Sum gjeld	**189 768 311**	**197 582 137**
SUM EGENKAPITAL OG GJELD	**191 288 259**	**203 652 608**

Organisasjonsnr: 984 522 738
WATERLOGIC NORGE AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

Aksjeklasse	Ant. aksjer	Pålydende	Bokført verdi
Ordinære aksjer	250.00	1000.00	250000.00

Aksjeeiere - fritekst	Antall	Eierandel	Aksjeklasse
Waterlogic Ltd	250.00	100.00%	Ordinære aksjer

Sum	Sum antall	Sum eierandel
	250.00	100.00%

Note

Ytelser til ledende personer
Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

Ytelser	Lønn	Pensj.forpl.	Andre godtgj.

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
93.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Årsregnskap 2020
Waterlogic Norge AS

Styrets årsberetning
Resultatregnskap
Balanse
Kontantstrøm
Noter til regnskapet

Org.nr.: 984 522 738

Waterlogic Norge AS

Virksomhetens art

Selskapet driver med salg, utleie og service av vann- og kaffemaskiner. Selskapet holder til på Trollåsen i Nordre Follo kommune med underavdelinger i Stavanger, Trondheim, Bergen, Haugesund, Oslo, København, Roskilde og Ikast.

Fortsatt drift

Årsoppgjøret er avlagt under forutsetning av fortsatt drift.

Selskapet hadde ved årets slutt en egenkapital på kr 1 519 948. Selskapets økonomiske og finansielle stilling er god

Finansiell risiko

Overordnet om målsetting og strategi

Selskapet er eksponert for finansiell risiko på ulike områder, spesielt valutarisiko. Målsettingen er å dempe den finansielle risikoen i størst mulig grad. Selskapets nåværende strategi innbefatter ikke bruk av finansielle instrumenter, da denne eksponeringen først og fremst er mot selskapets morselskap

Markedsrisiko

Selskapet er eksponert for endringer i valutakurser, da en stor del av selskapets varekjøp foretas i utenlandsk valuta.

Kredittrisiko

Risiko for tap på fordringer er vurdert som lav med bakgrunn i at tap i 2020 var 0.32% av omsetningen

Likviditetsrisiko

Selskapet vurderer likviditeten i selskapet som god

Arbeidsmiljø, personal og likestilling

Sykefraværet i selskapet i 2020 var på 5,20 %, hvilket tilsvarer 1 002 dager. Den største delen av sykefraværet var fravær over åtte uker, henholdsvis 2,0 % og 432 dager. Ingen ansatte var på arbeidsavklaringspenger og to ansatte var langtidssykemeldt.

I regnskapsåret skjedde det 3 arbeidsuhell: 2 støt av kaffemaskin og 1 skade i ansikt fra glassdør – en oppsøkte legevakt. Bare en resulterte i fravær. De ble rapporter til NAV og loggført i avvik.com

Selskapet hadde i regnskapsåret 93 ansatte hvorav 24 var kvinner og 69 menn. En stor andel av de ansatte er serviceteknikere og menn. Ved nyansettelser oppfordres kvinner til å søke for å bidra til en bedre kjønnsbalanse. Selskapet skal være en arbeidsplass der det ikke forekommer diskriminering av noen art. Dette ivaretas ved å gi like vilkår, rettigheter og muligheter både ved ansettelser og i arbeidsforholdet. Waterlogic er en bedrift som har mange ansatte med flerkulturell bakgrunn.

Miljørapport

Waterlogic Norge jobber hele tiden med å forbedre våre produkter, prosedyrer og rutiner for å redusere vårt «CO2-fotavtrykk» og avfall knyttet til våre produkter. Vi ble også i 2017 ISO14001 sertifisert og vi tilbyr en Svanemerket kaffeleveranse. Vi er medlem av Etisk Handel og 90% av våre kaffemerker er dobbelt sertifisert eller tredjeparts sertifisert. Vi har i 2020 videreført et program som bidrar til å forlenge levetiden på våre maskiner

Produksjon
Waterlogics produksjonsanlegg i Kina har en egen avdeling som videreutvikler våre produkter. Både energisparing og miljø er vektlagt i prosessen, så vel som innovative løsninger og funksjonalitet.

Transport

Vi er medlem av "Grønt punkt" noe som bidrar til at vi tar ansvar for all import av emballasje. Vi betaler en avgift som brukes i arbeidet med innsamling og resirkulering av emballasje i Norge

Avfall

Emballasje fra våre produkter blir sortert slik at papp og plast går til gjenvinning. Vi sorterer også ut UV-lamper og filtre etter bruk. UV lampe som spesialavfall og filter som restavfall. Vi håndterer EE-avfall etter gjeldende regler og har ett blandet næringsavfall på 14,5%. Alle våre maskiner som tas inn etter bruk, blir deponert til et mottak for EL-avfall. Vi har en nasjonal avtale med EL-retur som håndterer dette avfallet etter forskriftene

Fremtidig utvikling

Med myndighetenes fokus på kosthold og sunne drikkevarer er våre fremtidsutsikter gode. Mulighetene i markedet er bra og vi har styrket vår konkurransesituasjon ytterligere i 2020. I 2015 endret vi strategi til å i større grad enn tidligere å fokusere på markedet for kaffemaskiner og ingredienser i tillegg til å ta mål av oss og være markedsledende innen tilkoblede vannmaskiner. Vi har tidligere år utvidet porteføljen vår gjennom kjøp av Det Stavangerske Kaffeselskap og AquaService i 2012, Clear Water Group i 2015 og Aqualine Aps i 2016. I 2017 tok vi en strategisk beslutning om å endre vår forretningsmodell fra å selge maskiner til leasing selskap til å leie ut selv fra egne bøker. Konsekvensen av dette er en betydelig men kortsiktig nedgang i selskapets omsetning og resultat. Vi gjorde også i 2017 et tilbakekjøp av leasing porteføljen fra vår tidligere leasing partner.

Waterlogic Norge AS inngikk 30. desember 2020 en avtale om overdragelse av hele virksomheten i selskapets filial til Waterlogic Danmark ApS. Avtalen ble inngått i forbindelse med den planlagte omorganiseringen av konsernet i Danmark for å samle den danske virksomheten i Waterlogic Denmark ApS

Våren 2020 har Covid-19 påvirket selskapet ved å redusere muligheten for nye salg. Den største effekten er på nye salg til restauranter og hoteller. Siden grunnlaget for selskapets virksomhet består av lengre leieavtaler og servicekontrakter, betyr dette at effekten av Covid-19 er noe redusert når det gjelder kundebasen. Under 2020 har det skjedd en marginal økning i tap på kundefordringer. Vi fortsetter å overvåke detta nøye.

Selskapet har en god likviditetssituasjon og har mulighet til å håndtere en krisesituasjon over en lengre periode.

Rettvisende oversikt over utvikling og resultat

Driftsinntekter i selskapet gikk ned fra MNOK 203,4 i 2019 til MNOK 194,8 i 2020. Av dette utgjorde driftsinntekter i Danmark MNOK 32,9 for 2019 mot MNOK 30,5 i 2020

Samlet kontantstrøm fra operasjonelle aktiviteter i selskapet var på MNOK 34,6 i 2020 mot MNOK 35,6 i 2019. Driftsresultatet var på MNOK 2,1 i 2020 mot MNOK4,8 i 2019.

Selskapet har i løpet av året foretatt investeringer i varige driftsmidler med MNOK 22,6 netto.

Selskapets likviditetsbeholdning pr. 31.12.2020 var MNOK 19.5 mot MNOK 11,2 pr. 31.12.2019.

Selskapets kortsiktige gjeld utgjorde 35.9 % av den samlede gjelden per 31 12 2020 sammenlignet med 36.5 % av den samlede gjelden per 31.12.2019

Totalkapitalen for selskapet var pr. 31.12.2020 MNOK 191.3 mot MNOK 203,6 pr. 31.12.2019.

Etter styrets oppfatning gir det fremlagte resultatregnskapet og balanse med tilhørende noter for regnskapsåret 2020 et riktig bilde av selskapets eiendeler, gjeld, finansielle stilling og resultat

Det har ikke inntruffet forhold etter regnskapsårets utgang som har betydning for det fremlagte årsregnskapet.

Waterlogic Norge AS

Forskning og utvikling

Selskapet har ikke hatt forsknings- og utviklingskostnader i løpet av året

Årsresultat og disponeringer

Styret foreslår følgende disponering av årets underskudd på NOK 4 118 836.

Reduksjon av annen egenkapital NOK 4 118 836

Huw Jenkins
Styrets leder

Erik Guldbransen
Styremedlem

Nils Evert Mattias Kallemyr
Styremedlem/daglig leder

Erik Christoffer Berggren
Styremedlem

Resultatregnskap
Waterlogic Norge AS

Driftsinntekter og driftskostnader	Note	2020	2019
Salgsinntekt	1	191 254 896	203 401 833
Annen driftsinntekt		3 524 802	15 309
Sum driftsinntekter		**194 779 698**	**203 417 142**
Varekostnad		54 353 175	49 441 544
Lønnskostnad	3	76 287 625	82 019 891
Avskrivning av driftsmidler og immaterielle eiendeler	4	30 331 461	33 879 102
Nedskrivning av driftsmidler og immaterielle eiendeler	4	0	3 351 050
Annen driftskostnad	3 5	31 663 849	29 905 841
Sum driftskostnader		**192 636 111**	**198 597 428**
Driftsresultat		**2 143 587**	**4 819 714**
Finansinntekter og finanskostnader			
Annen renteinntekt		161 025	146 553
Annen finansinntekt		0	350 927
Rentekostnad til foretak i samme konsern		6 627 947	7 572 155
Annen rentekostnad		184 975	184 028
Annen finanskostnad		640 000	414 418
Resultat av finansposter		**-7 291 896**	**-7 673 120**
Ordinært resultat før skattekostnad		-5 148 309	-2 853 406
Skattekostnad på ordinært resultat	7	-1 029 473	-533 019
Ordinært resultat		**-4 118 836**	**-2 320 387**
Årsresultat	**8**	**-4 118 836**	**-2 320 387**
Overføringer			
Overført fra annen egenkapital	8	4 118 836	2 320 387
Sum overføringer		**-4 118 836**	**-2 320 387**

Balanse pr 31.12
Waterlogic Norge AS

Eiendeler	Note	2020	2019
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7	26 195 590	25 165 619
Immaterielle eiendeler	4	18 250 400	20 857 600
Goodwill	4	0	405 682
Sum immaterielle eiendeler		**44 445 990**	**46 428 901**
Varige driftsmidler			
Maskiner og anlegg	4	52 632 912	57 310 718
Driftsløsøre, inventar o.a. utstyr	4	8 101 597	8 359 437
Sum varige driftsmidler	4	**60 734 508**	**65 670 156**
Finansielle anleggsmidler			
Investeringer i datterselskap	12	27 985 082	27 985 082
Andre langsiktige fordringer	11	6 436 398	0
Sum finansielle anleggsmidler		**34 421 480**	**27 985 082**
Sum anleggsmidler		**139 601 978**	**140 084 139**
Omløpsmidler			
Lager av varer og annen beholdning	2, 10	12 945 773	18 775 467
Fordringer			
Kundefordringer	10, 11	15 458 983	28 522 957
Kundefordringer konsern	11	0	390 735
Andre kortsiktige fordringer	11	3 777 924	4 630 054
Sum fordringer		**19 236 907**	**33 543 746**
Bankinnskudd, kontanter o.l.	6, 13	19 503 602	11 249 256
Sum omløpsmidler		**51 686 282**	**63 568 468**
Sum eiendeler		**191 288 259**	**203 652 607**

Balanse pr 31.12
Waterlogic Norge AS

Egenkapital og gjeld	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	8, 9	250 000	250 000
Overkurs	8	734 970	734 970
Annen innskutt egenkapital	8	336 000	336 000
Sum innskutt egenkapital		**1 320 970**	**1 320 970**
Opptjent egenkapital			
Annen egenkapital	8, 14	198 978	4 749 501
Sum opptjent egenkapital		**198 978**	**4 749 501**
Sum egenkapital	**8**	**1 519 948**	**6 070 470**
Gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	11	121 660 549	121 685 192
Øvrig langsiktig gjeld		0	3 740 952
Sum annen langsiktig gjeld		**121 660 549**	**125 426 144**
Kortsiktig gjeld			
Leverandørgjeld	11	2 952 525	8 813 524
Skyldig offentlige avgifter		9 519 969	10 675 738
Konserngjeld	11	25 124 933	16 106 295
Annen kortsiktig gjeld	11	30 510 335	36 560 436
Sum kortsiktig gjeld		**68 107 762**	**72 155 993**
Sum gjeld		**189 768 311**	**197 582 137**
Sum egenkapital og gjeld		**191 288 259**	**203 652 607**

Oslo, 06.07.2021
Styret i Waterlogic Norge AS

Huw William Lowell Jenkins
styreleder

Erik Gulbrandsen
styremedlem

Nils Evert Mattias Källemyr
styremedlem/daglig leder

Erik Christoffer Berggren
styremedlem

Indirekte kontantstrøm
Waterlogic Norge AS

	Note	2020	2019
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		-5 148 309	-2 853 406
Tap/gevinst ved salg av anleggsmidler	4	-25 000	-15 309
Ordinære avskrivninger	4	30 331 461	33 879 102
Nedskrivning anleggsmidler	4	0	3 351 050
Endring i varelager		5 829 694	1 181 443
Endring i kundefordringer		13 770 425	7 216 381
Endring i leverandørgjeld		-6 176 716	819 181
Endring i andre tidsavgrensningsposter		-3 974 805	-7 944 325
Netto kontantstrøm fra operasjonelle aktiviteter		**34 606 751**	**35 634 118**
Kontantstrømmer fra investeringsaktiviteter			
Innbetalinger ved salg av varige driftsmidler	4	1 341 979	18 000
Utbetalinger ved kjøp av varige driftsmidler	4	23 928 789	30 797 408
Netto kontantstrøm fra investeringsaktiviteter		**-22 586 810**	**-30 779 408**
Kontantstrømmer fra finansieringsaktiviteter			
Innbetalinger ved opptak av ny kortsiktig gjeld	11	0	6 516 912
Utbetalinger ved nedbetaling av langsiktig gjeld	11	3 765 595	12 438 106
Netto kontantstrøm fra finansieringsaktiviteter		**-3 765 595**	**-5 921 194**
Netto endring i kontanter og kontantekvivalenter		8 254 346	-1 066 484
Beh. av kont. og kontantekvivalenter ved per begynnelse		11 249 256	12 315 741
Beh. av kont. og kontantekvivalenter ved per. slutt		**19 503 602**	**11 249 257**

Regnskapsprinsipper
Årsregnskapet er utarbeidet i samsvar med regnskapsloven av 1998 og god regnskapsskikk. Selskapet har videre fulgt relevante bestemmelser i Norsk Regnskaps Standard utarbeidet av Norsk Regnskaps Stiftelse.

Inntekter
Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres etter hvert som de blir levert. Andelen av salgsinntekter som knytter seg til fremtidige serviceytelser balanseføres som uopptjent inntekt ved salget og inntektsføres deretter i takt med levering av ytelsene.

Varer
Varer er vurdert til det laveste av anskaffelseskost og netto salgsverdi

Kostnader
Kostnader regnskapsføres som hovedregel i samme periode som tilhørende inntekt

Skatter
Skattekostnaden sammenstilles med regnskapsmessig resultat før skatt. Skatt knyttet til egenkapitaltransaksjoner, for eksempel konsernbidrag, føres mot egenkapitalen.
Skattekostnaden består av betalbar skatt (skatt på årets direkte skattepliktige inntekt) og endring i netto utsatt skatt. Skattekostnaden fordeles på ordinært resultat og virkning av prinsippendring og korrigering av feil i henhold til skattegrunnlaget. Utsatt skatt og utsatt skattefordel er presentert netto i balansen.

Hovedregel for vurdering og klassifisering av eiendeler og gjeld
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen ett år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn. Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi.
Anleggsmidler vurderes til anskaffelseskost, men nedskrives til gjenvinnbart beløp dersom dette er lavere enn bokført verdi, og verdifallet forventes ikke å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Leie av driftsmidler (operasjonell leasing) kostnadsføres løpende

Immaterielle eiendeler
Immaterielle eiendeler som er kjøpt enkeltvis, er balanseført til anskaffelseskost. Immaterielle eiendeler overtatt ved kjøp av virksomhet, er balanseført til anskaffelseskost når kriteriene for balanseføring er oppfylt. Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig. Immaterielle eiendeler nedskrives til gjenvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjenstående tilvirkningsutgifter

Fordringer
Kundefordringer og andre fordringer er oppført til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringer. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.
Andre fordringer er også gjenstand for en tilsvarende vurdering

Bankinnskudd, kontanter og lignende
Bankinnskudd, kontanter o.l. inkluderer kontanter, bankinnskudd og andre betalingsmidler med forfallsdato som er kortere enn tre måneder fra anskaffelse

Valuta
Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Selskapet benytter seg av kontantstrømsikring i forbindelse med styring av renterisikoen. Urealiserte gevinster og tap regnskapsføres ikke på renteswapper der det anses at renterisikoen er effektivt redusert

Pensjoner
Selskapet har en innskuddsplan og betaler innskudd til et forsikringsselskap. Selskapet har ingen ytterligere betalingsforpliktelse etter at innskuddene er betalt. Innskuddene regnskapsføres som lønnskostnad. Eventuelle forskuddsbetalte innskudd balanseføres som eiendel (pensjonsmidler) inntil midler fra innskuddsfondet anvendes til å dekke periodens ordinære innskudd

Garantier og servicearbeid
Ved salg er hele salgsprisen, inklusive den delen som gjelder fremtidige garanti- og serviceytelser, tatt til inntekt på salgstidspunktet. Det er gjort en avsetning for fremtidige garanti- og serviceytelser.
Alternativt kan den delen av salgsprisen som gjelder fremtidige ytelser skilles ut og balanseføres som uopptjent inntekt

Aksjer og andeler i tilknyttet selskap og datterselskap
Investeringer i datterselskaper vurderes etter kostmetoden. Investeringene blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående og det må anses nødvendig etter god regnskapsskikk. Mottatt utbytte og konsernbidrag fra datterselskapene er inntektsført som annen finansinntekt. Tilsvarende gjelder for investeringer i tilknyttede selskaper

Fjerningsforpliktelse
Fjerningsforpliktelse balanseføres og avskrives over driftsmidlenes levetid

Note 1 Salgsinntekter

	2020	2019
Pr. Virksomhetsområde		
Salg vann- og kaffemaskiner	36 861 457	37 219 755
Salg ingredienser	47 302 633	55 496 200
Salg service	42 151 830	40 451 472
Salg leie	54 722 564	56 563 315
Salg annet	10 216 411	13 671 092
Sum	**191 254 896**	**203 401 833**
Geografisk fordeling		
Salg Norge	160 714 371	170 461 601
Salg Danmark (Waterlogic DK)	30 540 525	32 940 232
Sum	**191 254 896**	**203 401 833**

Note 2 Innkjøpte varer for videresalg

Pr beholdningstype	**2020**	**2019**
Handelsvarer	12 945 773	18 775 467
Pr verdsettelsesmetode	**2020**	**2019**
Verdsatt til anskaffelseskost	12 945 773	18 775 467
Verdsatt til virkelig verdi	588 360	248 360
Sum brutto varelager	**13 534 132**	**19 023 826**

Note 3 Lønnskostnader og ytelser, godtgjørelser til daglig leder, styret og revisor

Lønnskostnader	**2020**	**2019**
Lønninger	60 138 288	64 140 475
Arbeidsgiveravgift	7 314 702	8 912 226
Pensjonskostnader	3 816 891	3 874 006
Andre ytelser	5 017 745	5 093 184
Sum	**76 287 625**	**82 019 891**

Selskapet har i 2020 sysselsatt 93 årsverk

Pensjonsforpliktelser
Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon
Selskapets pensjonsordninger tilfredsstiller kravene i denne lov
Tjenestepensjonsordningen er en innskuddsbasert ordning. Det foreligger i tillegg en AFP-ordning for de ansatte i henhold til avtalen mellom arbeidsgiver- og arbeidstakerorganisasjonene. Antall ansatte omfattet av pensjonsordningen er 104.

Daglig leder har ikke mottatt lønn i selskapet da stillingen er lønnet fra svensk datterselskap.
Det er ikke ytt lån til daglig leder, ledende ansatte eller styremedlemmer i selskaper pr 31.12.2020

Honorar til revisor eks. mva utgjør:	**2020**	**2019**
Lovpålagt revisjon	950 000	802 500
Regnskapsteknisk bistand	77 000	110 000
Attestasjonstjenester	0	240 000
Skatterådgivning - teknisk bistand skattemelding	40 000	0
Andre tjenester	100 000	0
Sum	**1 167 000**	**734 146**

Note 4 Anleggsmidler

	Goodwill	Maskiner og anlegg	Driftsløsøre, inventar ol.
Anskaffelseskost pr. 01.01.20	60 667 187	139 890 843	26 153 423
+ Tilgang kjøpte driftsmidler		19 939 079	3 989 710
- Avgang i året		925 929	644 927
= Anskaffelseskost 31.12.20	**60 667 187**	**158 903 993**	**29 498 206**
Av- og nedskrivninger pr. 01.01.20	60 261 505	82 580 125	17 793 985
+ Årets ordinære avskrivninger	405 682	23 690 956	3 627 624
- Avgang avskrivning			25 000
= Av- og nedskrivninger pr. 31.12.20	**60 667 187**	**106 271 081**	**21 396 609**
= Bokført verdi 31.12.20	**0**	**52 632 912**	**8 101 596**
Økonomisk levetid	5-10 år	3-10 år	3-10 år
Avskrivningsplan	lineær	lineær	lineær

	Immaterielle eiendeler	Sum
Anskaffelseskost pr. 01.01.20	26 072 000	252 783 453
+ Tilgang kjøpte driftsmidler		23 928 789
- Avgang i året		1 570 856
= Anskaffelseskost 31.12.20	**26 072 000**	**275 141 386**
Av- og nedskrivninger pr. 01.01.20	5 214 400	165 850 015
+ Årets ordinære avskrivninger	2 607 200	30 331 462
- Avgang avskrivning		25 000
= Av- og nedskrivninger pr. 31.12.20	**7 821 600**	**196 156 477**
= Bokført verdi 31.12.20	**18 250 400**	**78 984 908**
Økonomisk levetid	5-10 år	
Avskrivningsplan	lineær	

Note 5 Operasjonell leasing

Operasjonell leasing
Årlig leie av varige driftsmiddel som ikke er balanseført

	2020	2019
Årlig leie av varige driftsmiddel som ikke er balanseført		
Leie kontormaskiner og datasystemer	390 858	614 514
Leie transportmidler	3 496 613	4 647 228
Sum	**3 887 470**	**5 261 742**

Leasingavtalene er inngått for 3-5 år

Note 6 Finansiell markedsrisiko

Selskapet benytter seg av finansielle instrumenter i forbindelse med styring av finansiell risiko

Valutarisiko
Utviklingen i valutakursene i selskapets markeder og i valutaer som selskapet på andre måter er eksponert i, innebærer både direkte og indirekte valutarisiko. Det er ikke inngått avtaler som reduserer denne risikoen per 31.12.2020

Note 7 Skatt

Årets skattekostnad	2020	2019
Resultatført skatt på ordinært resultat:		
Betalbar skatt	0	0
Endring i utsatt skattefordel	-1 029 473	-533 019
Skattekostnad ordinært resultat	**-1 029 473**	**-533 019**
Skattepliktig inntekt:		
Ordinært resultat før skatt	-5 148 309	-2 853 406
Permanente forskjeller	466 620	430 596
Endring i midlertidige forskjeller	60 769	10 146 172
Anvendelse av fremførbart underskudd	0	-7 723 361
Skattepliktig inntekt	**-4 620 920**	**0**
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	0	0
Sum betalbar skatt i balansen	**0**	**0**

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller

	2020	2019	Endring
Varige driftsmidler	-22 506 760	-19 504 549	3 002 210
Varebeholdning	-588 359	-248 359	340 000
Fordringer	-931 721	-530 950	400 771
Gevinst – og tapskonto	2 799 841	0	-2 799 841
Avsetninger mv	-3 460 343	-4 342 714	-882 371
Sum	**-24 687 342**	**-24 626 572**	**60 769**
Akkumulert fremførbart underskudd	-94 383 520	-89 762 600	4 620 920
Grunnlag for utsatt skattefordel	**-119 070 861**	**-114 389 172**	**4 681 689**
Utsatt skattefordel (22 %)	**-26 195 590**	**-25 165 618**	**1 029 972**

Selskapet hadde frem til 31.12.2020 aktivitet som også er skattepliktig i Danmark. Aktiviteten er realisert i 2020.

Note 8 Egenkapital

	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum egenkapital
Pr. 31.12.2019	250 000	734 970	336 000	4 749 501	6 070 471
Årets resultat				-4 118 836	-4 118 836
Omregningsdifferanser				-431 687	-431 687
Pr 31.12.2020	**250 000**	**734 970**	**336 000**	**198 978**	**1 519 948**

Note 9 Aksjonærer

Aksjekapitalen i Waterlogic Norge AS pr. 31.12 består av:

	Antall	Pålydende	Bokført
Ordinære aksjer	250	1 000	250 000
Sum	**250**		**250 000**

Eierstruktur
Aksjonærer i % pr. 31.12:

	Ordinære	Eierandel	Stemmeandel
Waterlogic Ltd	250	100	100

Selskapet er et underkonsern til Waterlogic Group Holdings Limited som utarbeider konsernregnskap.
Konsernregnskapet kan utleveres hos dette selskapet ved adresse 1 Grenfell Road, Maidenhead, Berkshire.

Note 10 Pantstillelser og garantier

Gjeldspost med forfall senere enn 5 år fra balansedagen utgjør per 31 12 2020 kr 121 660 549 og per 31 12 2019 kr 121 641 362.

Pantsettelser	2020	2019
Gjeld sikret med pant	0	0
Pantsatte eiendeler:		
Varelager	12 945 773	18 775 467
Kundefordringer	15 143 267	28 630 564
Driftstilbehør	60 734 508	65 670 156
Sum pantsatte eiendeler	**88 823 547**	**113 076 187**

Note 11 Mellomværende med selskap i samme konsern mv.

	Kortsiktige fordringer		Langsiktige fordringer	
	2020	2019	2020	2019
Morselskap	0	390 735	6 436 398	0
Aqua Line Aps		622 460	0	0
Sum	**0**	**1 013 195**	**6 436 398**	**0**

	Leverandørgjeld / kortsiktig gjeld		Langsiktig gjeld	
	2020	2019	2020	2019
Morselskap	25 124 933	16 106 295	121 660 549	121 685 192

	2020	2019
Fordringer med forfall senere enn 1 år etter balansedagen	0	0
Gjeldspost med forfall senere enn 5 år fra balansedagen	-121 660 549	121 685 192

Resultattransaksjoner mellom nærstående parter:

Type	Selskap	Forhold	Beløp
Inntekter	Aqua Line Aps	Datterselskap	610
Inntekter	Waterlogic Trading Ltd	Søsterselskap	844 843
Inntekter	Escowa Forsaljning AB	Søsterselskao	194 964
Varekjøp	Waterlogic Trading Ltd	Søsterselskap	11 684 297
Varekjøp	Aqua Line Aps	Søsterselskap	38 142
Kostnader til forsikringspremier	Waterlogic Trading Ltd	Søsterselskap	402 448
Renter	Waterlogic Ltd	Morselskap	6 451 080

Note 12 Datterselskap, tilknyttet selskap m.v.

Firma	Anskaffelseskost	Årsresultat	Balanseført Egenkapital	Eier- og stemmeandel
Waterlogic Holding AB (Gøteborg)	14 480 125	SEK 2 229 127	SEK 7 660 462	100%
Aquanor Holding Aps (Roskilde)*	13 504 957	DKK - 1 712 077	DKK 3 237 737	100%

* Regnskapet er ikke avlagt enda og resultatet er foreløpig

Note 13 Bankinnskudd

Innestående midler på skattetrekkskonto (bundne midler) er på kr. 2 201 717.

Note 14 Hendelser etter balansedagen

Utbruddet og spredningen av Covid-19 har påvirket virksomhetens omsetning fra og med mars foregående år Nedgangen skyldes annullerte ordre fra kunder, samt manglende mulighet til å imøtekomme kundenes etterspørsel pga problemer med leveranser fra underleverandører Det har i liten grad vært mulighet til å redusere virkningene av redusert omsetning med permittering av medarbeidere.

Det er økt usikkerhet knyttet til kundenes betalingsevne som et resultat av Covid-19

Selskapet er i en sunn økonomisk situasjon per tidspunkt for avleggelse av årsregnskapet. Selskapet har en stabil kontraktsbase som gjør at inntekter på kort sikt er relativt faste. Basert på det siste årets noe utfordrende drift, vil det framover være fokus på ytterligere kostnadsbesparende tiltak, samtidig som selskapet vil ha dialog med selskapets bankforbindelse om mulig økning i låneramme

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Til generalforsamlingen i Waterlogic Norge AS

UAVHENGIG REVISORS BERETNING

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Waterlogic Norge AS' årsregnskap som viser et underskudd på kr 4 118 836. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

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Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon

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eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 6. juli 2021
Deloitte AS

Guro Magnetun Heimvik
statsautorisert revisor

Penneo Dokumentnøkkel: PVXGX-STICF-LLUOZ-NOHJE-P4J6P-EVBJ5

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WATERLOGIC GROUP HOLDINGS LIMITED
COMPANY NUMBER 09297208

Annual Report

Year ended 31 December 2020

Waterlogic Group Holdings Limited

Annual report and accounts 2020

Strategic Report

Business model and strategy

Waterlogic Group ("Waterlogic" or the "Group") operates as a vertically integrated business engaged in the design, manufacture, distribution, rental, servicing and sale of Point of Use ("POU") water coolers, Under-The-Sink ('UTS') and water cooling and filtration equipment (including bottled water) in worldwide markets. The Group also engages in the distribution, rental, servicing and sale of coffee equipment in certain markets.

Business activity

The Group made the following principal acquisitions during the year.

Date	Entities acquired	Total consideration	Description of business and territory
28 August 2020	Brontë Water Coolers Limited and Brontë Spring Water Limited	$2.8 million	Bottled water and POU business based in West Yorkshire, England
20 October 2020	Tipperary Pure Irish Water (Sales) Unlimited Company	$12.5 million	Bottled water and POU business based in Tipperary, Ireland
30 November 2020	Hidrospot S.A.S.	$4.3 million	POU business based in Bogota, Colombia
30 December 2020	Vatternet Aqua Concilio AB, Thoreau International AB and Waterconcept AB	$3.9 million	Swedish POU business with B2B and HoReCa elements, and is also a franchisor of an HoReCa brand used in many other European countries
31 December 2020	Prisma Water SpA and Prisma Water Home SpA	$1.6 million	POU machine provider in the HoReCa sector, based in Santiago, Chile

Review of business

2020 was clearly a year in which COVID-19 significantly impacted many businesses, globally. Waterlogic was also impacted in 2020 by COVID-19, but the resilience of our recurring revenue Rental & Service model enabled us to deliver year-on-year growth in Revenue and Adjusted EBITDA. Further, our Operating Cash generation increased substantially year-on-year. Our recurring Rental & Service revenues growth reflected the 4.7% growth in our year end Machines in Field and, even with lower product sales, we still delivered overall growth of 1.3%. This growth, re-structuring activities in 2019 & 2020, and prompt COVID-19 related cost control actions enabled Waterlogic to deliver 14.6% year-on-year increase in Adjusted EBITDA. In 2020, our Adjusted EBITDA return on sales increased to 34.4%, up from 30.4% in 2019. Waterlogic's Operating Cash generation in 2020 increased significantly over 2019, as we delivered margin growth, lowered Net Working Capital and reduced capital expenditure. This performance, in particular the resilience and growth of our core Rental & Service model, enabled us to successfully raise additional financing in 2020. Waterlogic is now well positioned for future organic growth, complimented by acquisitions.

The Group considers the KPIs and financial measures of revenue, operating profit, adjusted operating profit, adjusted EBITDA and Machines In Field to be key for the business.

	Note	**2020**	2019
Revenue	5	**$368.0 million**	$363.2 million
Operating (loss)/profit (2019 restated – see note 37)	7	**$(55.7) million**	$18.2 million
Adjusted operating profit*	7	**$62.5 million**	$57.2 million
Adjusted EBITDA*	7	**$126.6 million**	$110.4 million
Machines In Field at year end		**576,376**	550,272

* Adjusting items comprise: corporate reorganisation costs; acquisition and integration related costs; gains recorded on bargain purchases; COVID-19 related costs; Group ERP implementation costs and losses/(gains) on foreign exchange movements. Adjusting items for operating profit also include amortisation of acquired intangibles. See note 7 for further details.

Strategic Report (continued)

Review of business (continued)

Revenue increased by 1.3% to $368.0 million in 2020 through a combination of organic growth and growth through acquisitions in the year. The UK and mainland Europe revenue decreased by 0.6% due to the impact of the COVID 19 pandemic on consumable sales in the UK and on sales to distributors from Ireland, offset largely by increases in Rental and Service revenue in Germany. Scandinavia decreased by 5.7% largely due to a drop in sales to distributors in Sweden and a fall in consumable sales in Norway during the pandemic. However, the USA and Canada grew by 8.3%, despite a $4.6 million drop in revenue from distributors. This was due to a $13.6 million increase in rental revenue resulting from strong organic MIF growth. Australia fell by 3.5% due to the impact of the pandemic on direct sales. The increase in the revenue in the Rest of the World was mostly due to the acquisition of Chile in September 2019.

The decrease in the operating profit in 2020 of $73.9 million was driven by the Gross Profit increase of $2.6 million offset by a $76.5 million increase in expenses and foreign exchange losses, due primarily to the impact of foreign exchange losses of $41.5 million in 2020 compared to a gain of $24.9 million in 2019. The primary driver in 2020 is the movement in the Euro exchange rate which impacts external borrowings held in companies whose functional currency is GBP. The Administrative expenses increased year on year by $10.5 million, due to an increase in corporate restructuring costs of $3.8 million, with 2020 restructuring costs resulting largely from the relocation of the US operations to a new single facility in Dallas Texas. ERP implementation costs increased by $0.3 million, and the amortisation of acquired intangibles of $35.9 million increased by $3.1 million. There was an increase in acquisition and integration related costs of $0.9 million and $3.7 million of costs resulting directly from the pandemic were booked to adjusting items, being due predominantly to the cost of employees on furlough that were borne by the Group. Other Administrative expenses decreased by $1.3 million due to the impact of savings in employment costs during the pandemic.

Marketing costs were reduced by $2.3 million year on year as a result of decisions made to reduce costs due to the pandemic.

Adjusted operating profit grew by $5.3 million from 2019 to 2020. This was driven by the UK and mainland Europe, which increased adjusted operating profit by $1.4 million, despite the 1.3% decrease in revenue. This was achieved largely through targeted cost cuts resulting from the pandemic and due to furlough support from governments across the UK and mainland Europe. USA and Canada increased adjusted operating profit by $4.3 million due largely to the 8% increase in revenue in 2020 and cost benefits of consolidating operations into a single site, in Dallas. Both Australia and Scandinavia generated lower adjusted operating profits in 2020 due to the lower revenues, but these impacts were largely offset by lower central costs. Adjusted EBITDA increased by $16.2 million also due to the performance improvements noted above.

Machines in Field (MIF) increased by around 26,000 units in 2020. Of this increase, broadly 23,000 MIF were related to the acquisitions made in 2020 and the rest organic, as we maintained net MIF growth through the pandemic.

The Total assets of the Group increased by $94.7 million during 2020. Acquisitions during the year added $9.5 million of Goodwill to the Balance Sheet and $16.8 million of Other Intangible Assets, notably Customer Relationships of $16.0 million. The Group added $37.2 million, net, Point of Use Dispensers during the year, including $1.2 million through acquisitions, and $14.7 million of Right Of Use Assets, including $0.7 million through acquisitions. Other capital expenditure amounted to $11.5 million, including $0.9 million through acquisitions. Current Assets increased by $55.9 million, despite a reduction in Trade and other receivables of $4.0 million, as there was a $60.6 million increase in Cash and cash equivalents, following the raising of finance in March and October 2020.

The Total liabilities of the Group increased by $220.9 million during 2020. The bank and other borrowings increased by $215.1 million, mainly to fund the acquisitions made during the year, while accrued interest due to the parent undertaking fell by $69.9 million, with this interest being capitalised and added to principal borrowings due to the parent undertaking. There was also a reduction in current tax liabilities of $1.1 million.

The consolidated income statement is set out on page 23 and the consolidated balance sheet on pages 25 and 26.

Strategic Report (continued)

Board of Director activities during 2020

During 2020 the Board of Directors ('The Board') made a number of key strategic decisions to drive the Group forward. The following were the key areas considered and decided upon by the Board during 2020:

- To proactively and effectively manage the business to minimise the impact of the COVID 19 pandemic on the Group's profits and cash flows;
- Protect and support our core capabilities, in particular our key people, so we are well placed to accelerate growth activities when economies recover from the COVID 19 pandemic;
- To continue to complement organic growth with business acquisitions that help build shareholder value and then to ensure the successful integration of the acquired entities onto the existing operational platforms of the Group;
- To complete the expansion of the Group's manufacturing capabilities into the USA and the relocation of the USA support functions to the new site in Dallas, Texas;
- To progress the Group's IT solutions;
- To secure additional funding to continue the acquisition strategy of the Group;
- To continue to invest in new and existing product development; and
- To develop the Environmental, Social and Governance (ESG) strategy and the measurement of the Group's ESG credentials.

Section 172 statement

- The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2016. Consequently, each Director must act in a way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
- the likely consequence of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In compliance with section 172 of the Companies Act, the background to the above decisions taken by the Board are set out below.

Managing the impact of COVID 19

The Board made a number of key decisions during 2020 to:

- Support the cash flow of the Group through targeted and heightened credit control activities, tight internal control over discretionary spend, suspend mergers and acquisitions (M&A) activity until the second half of the year and control capital expenditure;
- Support key customers, notably in the hospitality sector, and to introduce touchless watercooler functionality;
- Protect employee jobs wherever possible, by accessing funds made available through various Government support schemes, including the use of furloughs where practicable;
- Protect employees well-being through clear communication, the implementation of work from home policies, the introduction of a Group wide travel suspension and the purchasing of personal protection equipment for employees required to operate in public and office environments;
- Ensure the continuation of supply of manufactured product to the Group's businesses and customers;
- Set out plans for remobilisation when lockdown restrictions are lifted in our markets around the World and set out additional measures that would be required if the situation persists long into 2021;
- Manage Group profitability through targeted redundancies, the use of various Government support schemes that were made available, hiring and pay freezes and effective cost control in areas such as marketing and travel; and
- Support local communities by, for example, providing free water units to pandemic field hospitals and testing stations in the UK.

Strategic Report (continued)

Section 172 statement (continued)

Acquisitions

Following the lifting of the Board's suspension of M&A activity in the second half of the year, the Group completed 5 acquisitions in 2020. The Board's acquisition strategy continues to be to complement organic growth with business acquisitions that add shareholder value, and to successfully integrate the acquired entities onto the existing operational platforms of the Group. As well as assessing forecast financial returns, the Board considers that acquisitions are value-adding when they increase MIF density in existing markets, or they expand Group operations into a new geography and/or they add a new strategic product to the Group's product portfolio. When making decisions on whether to acquire a specific business, the Board considers the quality of the target's customers and machines in field portfolio, the potential impact on any existing customer distributor base and reviews detailed post-acquisition integration plans. These will include assessing any potential impacts on the employees or other key stakeholders of the acquired entities. To ensure that the acquisitions perform to expectations, post-acquisition targets are set for all newly acquired businesses and potential synergies are identified and tracked against these targets.

Board approval is required prior to any significant acquisition and appropriate financial, legal, commercial, technical and other due diligence reviews are carried out and presented as part of the Board's approval process.

USA establishment of the new manufacturing facility and relocation of support functions

During 2019 the Board approved the establishment of a new manufacturing facility in Dallas, USA, to be implemented in 2020, and the relocation of USA support functions to the same site. The facility offers the potential for tenders to be made for USA State & Federal Government contracts and also increase the flexibility in product supply, as the facility would provide the Group with further manufacturing capacity.

The benefits that result from the establishment of the facility, in early 2020, are a single-site working culture in the USA, which improves both employee communications and customer service. Further, this move provides a reduction in employee travel time, and so carbon footprint, and access to a larger and more cost-effective labour market, in Dallas, Texas. Benefits arising from this move include enhanced cross functional interaction, a more cohesive customer experience, improved employee retention and a more integrated and responsive organisation in the USA.

In addition to the physical relocation, the Board approved the implementation of a new ERP system in the USA, which resulted in the consolidation of multiple legacy systems into one ERP solution. This resulted in the successful implementation of the new ERP system in the USA in May 2020.

IT Initiatives

The progress and risk profile of the ERP projects were reviewed by the Board during the regular Board Meetings in 2020, up to and following the go-live in the USA, in May 2020, and in Australia, in September 2020.

The Board continues to focus on realising the benefits of ERP projects as they are now live. These benefits include that the ERP automates, standardises and creates repeatable, joined up and 'right first-time' business processes. The go-lives drive cost efficiencies, improve the interaction with suppliers and customers and benefit the employees that use it, so that Waterlogic can provide customers with a simple, reliable and cohesive, 'effortless', customer experience. Importantly, it will now significantly improve the consistency, quality, depth and breadth of data that will be accessible to business unit management teams, functional heads and, ultimately, the Board. Key to this will be immediate access to the 'cradle to the grave', accurate, operational and financial data, representing the life of every individual POU unit.

In addition, the Board expects that in future business acquisitions' integration will become more efficient, with established group wide processes, data models and cloud hosted infrastructure. The Group's systems' development is also expected to improve customer experience at newly acquired businesses and so also reduce customer churn in these businesses.

Financing facilities

In order to continue the Group's strategy of complementing organic growth with business acquisitions and to minimise financing costs, the Board approved the incremental financing of $30.7 million of the existing SFA in March 2020 and another $104.2 million in October 2020. The first was used to clear down the drawn Revolving Credit Facility, and the second to clear down the drawn Revolving Credit Facility and put cash on the balance sheet to fund future acquisition activity.

New Product Development

As set out in the Principal Risks and Uncertainties section below, the Directors recognise that the Group's competitors could successfully develop new technologies that may challenge some of Waterlogic's existing technologies. These could impact on the Group's competitive advantage and, therefore, the Board remains highly committed to investing in Research and Development projects. The research and development initiatives put to the Board are driven by the commercial teams, who are reacting to and anticipating the needs of both the customers and the markets that the Group operates in or wants to access. These initiatives are then reviewed by the Product Development Committee and approved by the Board in the light of strategic priorities, resource availability and overall cost.

Strategic Report (continued)

Section 172 statement (continued)

European Distribution Centre

The Board decided to investigate and, if viable, implement the consolidation of all European warehouses into a central hub, which would mostly be supplied from the China manufacturing operation. This would create a streamlined, scalable and efficient European supply chain mechanism which would reduce both costs and inventory levels. The operation came into effect from January 2021.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties whose outcome could impact on its financial performance, operations, regulatory compliance or corporate reputation. Some of these are generic to any multinational commercial enterprise and others are more specific to the Group. The key risk factors that the Directors consider potentially material in nature are set out below, together with information about the mitigating actions in place.

Risk management process

Management of risk is an integral part of the day-to-day activities of the Group and, where reasonably possible, steps are taken to mitigate known material risks. However, these steps can only reduce the likelihood of risk events occurring or the impact on the Group should they occur. They do not provide absolute certainty over the mitigation or elimination of the risks as many risk factors are wholly or partially outside the control of the Group.

Description	Mitigation	Risk monitoring
Acquisitions and integration The Board intends to continue acquiring businesses. Any acquisition that cannot be successfully integrated, or does not provide the incremental economic value expected at the time of acquisition, could have a negative effect on the Group's performance. As the Group expands there is a risk that its infrastructure may not be sufficiently robust to ensure that operational efficiency is maximised and economies of scale are realised.	Board approval is required prior to any significant transaction and appropriate financial, legal, technical and other due diligence reviews are carried out. The Group has taken steps to strengthen its post-acquisition integration planning. Targets are set for all newly acquired businesses and potential synergies are identified and tracked.	The performance of acquired businesses against defined targets is closely monitored. Post-acquisition reviews are carried out to assess the extent to which expectations set out in the original Board proposals have been realised.
Technology, innovation and intellectual property Researching and developing new products is complex, costly and time-consuming. There is a risk that competitors may develop new technologies, like Firewall, or innovative applications of existing technologies, that undermine the Group's competitive advantage. The Group could fail to recognise intellectual property, fail to seek appropriate security over rights to intellectual property, or fail to obtain security for reasons outside the Group's control. The Group could breach other parties' intellectual property rights.	The Group continues to invest in research and development of new technologies. The Group relies on a combination of patents, copyright, trademarks, design registrations, trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. Comprehensive searches are carried out before any application to register a patent or trademark is lodged and competitors' new product launches, trademarks and domain names are monitored to identify potential conflicts between the Group's and other parties' rights.	The development of new products and technologies is closely monitored. Development initiatives are driven from commercial teams, are reviewed by the Product Development committee and committed in the light of Group strategic priorities.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Description	Mitigation	Risk monitoring
Manufacturing		
The Group's strategy is to manufacture to order so as to minimise finished goods inventory held at the factories and within the supply chain. Any disruption to manufacturing operations and/or inbound or outbound supply chains could extend delivery lead times. Disruption can also be caused by political change or uncertainty, which extends to the imposition of tariff changes on cross border supplies of goods. In addition, external factors such as the COVID-19 pandemic can have an impact on the manufacturing facilities ability to maintain supply levels to the Group. Labour costs in the PRC continue to rise and price and availability of raw materials and components are subject to inherent uncertainty. An appreciation of the Chinese Renminbi against the US Dollar could represent a factor in the competitiveness of the Group's manufacturing costs.	The Group employs a number of measures including identifying multiple suppliers, auditing suppliers to ensure quality, safeguarding its manufacturing and logistics infrastructure against disruption, maintaining business interruption insurance and holding inventory at subsidiaries. The Group has opened a new manufacturing facility in Dallas USA in 2020 which provides additional manufacturing capacity and flexibility for the Group. In addition, it provides complementary manufacturing capacity if there were issues with the supply chain or other matters in China. The recruitment of a Group Chief Operating Officer, Dominic Shorrocks, in 2020 has increased the focus on managing supply chain risk and stock management within the Group.	Supplier quality and performance is closely monitored. Materials costs and labour productivity are closely monitored. Inventory levels at subsidiaries are carefully monitored centrally in order that potential shortages around the Group can be managed by transferring inventory between subsidiaries.
Product reputation and product liability		
Any factor or event that adversely affects customers' perception of the quality and reliability of the Group's products could affect its ability to maintain or increase revenue.	The Group's products incorporate a range of design and technical features that reduce the risk of contamination in the course of normal use. The Group operates rigorous quality assurance and control procedures both during manufacturing and prior to delivery/installation of its products. Recommended maintenance procedures ensure cleanliness and hygiene. The Group also maintains public and product liability insurance against liabilities to third parties.	Product quality is constantly monitored through the Group's review of supply chain partners, production Quality Assurance and Pre-delivery processes.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Description	Mitigation	Risk monitoring
Continuity of supply and quality		
The provision and quality of natural mineral water is essential for the bottled water business, predominantly in the UK. There is a risk that the Group could fail to meet demand during peak summer periods. The Group is also exposed to quality of supply risk. Barriers to entry are low in the bottled water market in the UK and localised suppliers have the potential to gain business if the Group is unable to meet the customers' demands for quality product.	The provision and quality of natural mineral water is constantly reviewed and maintained to ensure that the Group can cope with demand peaks over the summer period. Relationships with second-string suppliers are maintained to further strengthen the Group's ability to ensure continuity of supply during peak periods of demand. The Group's policy is to purchase from British Water Cooler Association ("BWCA") accredited suppliers wherever possible. Part of the rationale for acquiring Kingshill Mineral Water Limited in 2019 was to secure supplementary supply of bottled water.	The provision and quality of natural mineral water is constantly reviewed and maintained to ensure that the Group can cope with demand peaks over the summer period.
Funding and liquidity At 31 December 2020 the Group had a $839.1 million banking facility (2019: $649.8 million) of which $794.1 million had been drawn down (2019: $628.4 million). There is a risk that the Group could fail to fulfil its obligations as they fall due. The Group is also exposed to interest rate risk.	Robust cash forecasting and measurement and centralised cash management procedures are in place. Fixed rate caps have been contracted to hedge the interest rates on the term loans. During 2020 the Board approved the incremental financing of $30.7 million of the existing SFA in March 2020 and another $104.2 million in October 2020. The first was used to clear down the drawn Revolving Credit Facility, and the second to clear down the drawn Revolving Credit Facility and put cash on the balance sheet to fund future acquisition activity. The Group maintains a multi-purpose Revolving Credit Facility ("RCF"), with $45.0 million undrawn at year end 2020.	Cash flow forecasts are monitored weekly against actual performance.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Description	Mitigation	Risk monitoring
ERP Solution Roll out During 2017 the Group embarked on the development of an integrated ERP solution, project Nexus. Nexus ERP is designed to transform the Group's operational efficiency and the accuracy, breadth, depth and strategic relevance of business information within the Group. It also enables a more cohesive customer experience, as all functions reference the same data. The primary risk is that the ERP solution does not meet these objectives following initial implementation in 2020. There is also a risk that the ERP project could overrun on implementation deadlines or on cost and a risk that the implementation could cause undue business disruption during or immediately after the implementation date. The ERP project is expected to generate a positive impact on the Group's profits and therefore there is a risk that the anticipated benefits do not achieve the expected levels.	The Directors appointed a Transformation Director in 2019 to manage the ERP development project and the associated costs. During 2020, the Nexus teams established further in-house capabilities, with a number of experienced employees moving into Nexus programme roles and recruited new employees with specific capabilities. These Group managers and employees direct the programme and work closely with an established group of contractors. The project is also overseen by a Steering Committee, which includes independent ERP implementation advisers and meets regularly to provide input to the work stream team leaders. The project has a detailed annual cost budget, which the Transformation Director controls spend against and is reviewed by the Steering Committee.	ERP implementations took place in the USA in May 2020 and in Australia in September 2020. These businesses successfully operated on their new ERP systems from go-live and the performance and output of these systems is closely monitored by local & Group management. The progress and risk profile of the ERP project is reviewed by the Directors during the regular Board Meetings.
Exchange rates The Group buys and sells materials and components, products, goods and services internationally and is exposed to exchange rate risk on transactions denominated in currencies other than the US Dollar, predominantly Euro, Norwegian Kroner, Australian Dollar and Pound Sterling. The way in which the Group's credit facility has been drawn down also presents an Income Statement and Balance Sheet exposure to fluctuations in the Euro and the Australian Dollar exchange rate. The financing loans advanced by Castik Capital are denominated in a non-functional currency (Euros) for the Group and therefore present an Income Statement and Balance Sheet exposure to movement in the Euro.	The Group seeks, wherever possible, to ensure similar inflows and outflows of cash in each of these currencies through its normal operations, thereby creating a natural hedge. Foreign exchange exposures on trading transactions are monitored and forward contracts are used when appropriate. From August 2018, the Group began entering into foreign currency forward contracts ('forwards') to sell USD and buy RMB. The purpose of the forwards is to hedge a portion of the Group's exposure to RMB inventory purchases. Loans relating to subsidiaries trading predominantly in currencies other than US Dollars have been taken out in the appropriate foreign currency to create a natural hedge.	The Income Statement impact of foreign exchange gains and losses is monitored and reported on a monthly basis.

Strategic Report (continued)

Going concern basis

The Directors consider it applicable to prepare the Financial Statements on a going concern basis. In reaching this conclusion, the Directors have considered the financial projections of the Group for the foreseeable future, which covers a period of at least 12 months from the date of signing the Financial Statements

As the world starts to recover from the covid-19 crisis there is likely to be a continued but limited impact on the Groups finances. Throughout 2020 the Group has proved the robust nature of its business model with its ability to manage cash and flex the cost base as required while protecting the customer base.

The Directors have modelled the reasonably possible worst-case scenario which covers a period of at least 12 months from the date of signing these financial statements. This model includes an overall decrease in revenue compared to the 2021 budget with only a limited reduction in costs and capital expenditure. This model has not included the ability to draw down on the Groups RCF facility and nevertheless continues to show the Group will have significant cash reserves.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described within the financial statements. In addition, note 34 of the financial statements includes the Group's financial capital management objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

At the year-end the Group had net debt of $1,082.6 million (2019: $928.1 million), of which $348.5 million was due to the shareholder (2019: $294.7 million), with a committed and unutilised revolving credit facility of $45.0 million (2019: $21.4 million). Net liabilities were $267.5 million (2019: $141.4 million). None of the loan facilities drawn down by the group and included in the net debt figure above are re-payable within the next 12 months. The Group had net current assets of $86.8 million at 31 December 2020 (31 December 2019: $10.5 million) including cash and cash equivalents of $84.1 million (31 December 2019: $23.5 million). The various bank loans held were subject to a covenant relating to leveraging. This was the only covenant in place, and this was met during the period. Given the significant headroom the Group currently has on this covenant, and the rental business model of the Group which drives considerable repeating and recurring revenue, it is expected that the covenant will continue to be met for the foreseeable future. This is supported by the results of the reasonably possible worst-case scenario set out above, in which the covenant is met at all relevant test dates.

Having reviewed the reasonably possible worst-case scenario forecasts for the coming year, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Brexit

Waterlogic's three manufacturing facilities operate outside the UK, in China, Australia and the USA. Waterlogic serves its customers in each country around the world through local staff, including field service and customer support. Brexit only had the potential to impact Waterlogic to the extent that supply of units and spare parts into the UK might be adversely impacted. Therefore the Group built an incremental holding of units and spare parts in the UK as a contingency against Brexit related supply chain challenges. As a result, the Group did not suffer any significant adverse impact from Brexit and, importantly, the recurring revenue Rental and Service model delivered continuity of revenue and locally based staff were able to provide UK customers with continuity of customer service.

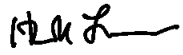
Future prospects

The Group will manage the business conservatively through the COVID-19 pandemic, and subsequent periods, and will pursue the strategies of growing the recurring rental base and achieving growth both organically and through strategic acquisitions.

Organic growth opportunities, which deliver significant ESG benefits to both our customers and more generally, include further growing the core POU proposition, with opportunities to convert Bottled Water dispensers expected to increase post COVID-19, capitalising on Firewall technology's proven anti-bacterial benefits and expanding other propositions, such as the HoReCa offering. Acquisition based growth will include building greater density in existing markets and accelerating growth in new markets.

Approval

This report was approved by the Board of Directors on 29 April 2021 and signed on its behalf by:



Huw Jenkins
Group Chief Financial Officer

Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2020.

An indication of likely future developments in the business of the Group and an explanation of the going concern assertion are included in the Strategic Report.

Information about the use of financial instruments by Waterlogic Group Holdings Limited (the "Company") and its subsidiaries is given in notes 22 and 34 to the financial statements.

Dividends

The Board does not propose a dividend for the year (2019: $nil). The dividend policy continues to be reviewed periodically by the Board.

Capital structure

In April 2020, a significant minority investment in Firewall Holding S.à.r.l. was acquired by new investors. The only asset of Firewall Holding S.à.r.l. is a 100% interest in Waterlogic Group Holdings Limited. As such, this was in effect an acquisition of a significant minority investment in Waterlogic Group Holdings Limited. The investment was made by four strong institutional investors: British Columbia Investment Management; Neuberger Berman; StepStone; and Skandia. This investment is further testament to the strength of Waterlogic's businesses model, especially its resilience, considering the unprecedented economic conditions that were prevailing. The investment strongly endorses the Waterlogic investment proposition and provides further access to capital in support of Waterlogic's growth ambitions.

Details of the issued share capital of the Company are shown in note 27. The Company has one class of Ordinary Shares which carry no right to fixed income. There is no limit on the number of shares that the Company can issue.

No person has any special rights of control over the Company's share capital and all issued shares have been fully paid.

Research and development

The Group undertakes research and development as part of its strategy to strengthen its presence in the global market as a leader in the water dispenser industry. The Group's POU development activities are predominantly undertaken by a dedicated product development team based in China and its UTS development activities are undertaken by the dedicated product development teams based in Australia and China. The amounts expensed and capitalised in relation to research and development activity are shown in notes 7 and 16 respectively.

Directors

The Directors, who served during the year and to the date of signing, were as follows:

Jeremy Ben-David – Group Chief Executive Officer

Huw Jenkins – Group Chief Financial Officer

Mark Taylor – Group Chief Commercial Officer

Dominic Shorrocks – Group Chief Operating Officer Appointed 1 February 2020

Directors' indemnities

The Group has in place third party indemnity insurance for the benefit of the Officers and Directors of the Company and its subsidiaries. This insurance policy remains in force at the date of this report.

Acquisition of the Company's own shares

The Company did not purchase any of its own shares during the year and nor has it done so up to the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation and engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, periodic e-mails and quarterly employee newsletters. During 2019 the UK businesses had training on supporting Mental Health in the work-place and also received training on becoming Mental Health First Aiders. The Group has also focussed on raising awareness and support of mental health issues as they can impact on employees at key points in their lives.

The interests of employees are taken into account by the Board, as set out in the Section 172 statement in the Strategic Report.

Directors' report (continued)

Energy and Carbon consumption

During 2020 the UK businesses combined consumed 1,661 cubic tonnes of CO_2 (2019: 2,772 cubic tonnes of CO_2) as a result of their commercial activities. This equates to an aggregate quantity of energy consumed of 446,195 KWh of electricity (2019: 787,520 KWh) and 388,819 litres of diesel. The CO2 emissions in 2020 were 0.020 Kg per $1 of revenue in the UK (2019: 0.031 Kg).

Emissions of CO^2 during the year were as follows:

	Scope*	2020 Tonnes	2019 Tonnes
Gas and LPG	1	106	240
Petrol and diesel	1	1,012	1,634
Total – Scope 1		**1,118**	**1,874**
Electricity	2	157	277
Total – Scope 2		**157**	**277**
Air travel	3	386	621
Total – Scope 3		**386**	**621**
Total tonnes of CO^2		**1,661**	**2,772**

*Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in the company's value chain.

The Group recognises the importance of its ESG strategies and continues to innovate with customers and partners around the world. Unfortunately, 2020 saw a significant impact from the global COVID-19 pandemic and, in March 2020, the Group reacted with a 'Global COVID-19 Contingency' plan. Wherever possible Waterlogic staff were encouraged to work from home and, where necessary, places of work were made COVID-19 secure to protect the wellbeing and health of employees using them. As a result, there was a dramatic reduction in both the Group's carbon footprint and the greenhouse gas emission levels during 2020. There was a severe decline in road, air and rail travel and fuel usage was therefore low. Videoconferencing increased significantly as offices temporarily closed down and employees worked effectively from home. Invoicing, receipts, contracts/e-signature became overwhelmingly electronic and printing and paper usage dropped significantly.

Also the impact of one UK customer switching to Waterlogic 'Planet' cups saw Wates Construction saving 28,000 single-use plastic cups from landfill each month. Waterlogic also continues to drive customer change to more ethically and responsibly sourced water, including helping to eradicate 23.8 billion single-use plastic bottles with the installation of mains-fed dispensers.

Political contributions

The Group did not make any contributions to political organisations in the year (2019: $nil).

Financial risk management objectives

Details of financial risk management objectives are set out in note 34.

Diversity

The Board recognises the value of diversity both in its own membership and within the Group's wider employee base. Whilst the Board believes that the market sectors in which the Group operates are such that gender diversity in Board membership would not, of itself, bring specific benefits or insights, as a matter of policy the Board believes that the search for new Board candidates should be conducted, and, when required, appointments made, on merit, against objective criteria and with due regard for the benefits that diversity, including gender diversity, could provide. Business units have in place appropriate policies in relation to equal opportunities in the workplace. Appointments, rewards and advancement in the Group's wider employee base are also based on merit. As a matter of principle, the Board does not accept discrimination against, or in favour of, any individual or group of individuals. Diversity, as with other management policies, is under regular review.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 35 to the financial statements.

Directors' report (continued)

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

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

Deloitte LLP has expressed its willingness to continue in office as auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

Authorised for issue by the Board

Huw Jenkins
Group Chief Financial Officer
29 April 2021

1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The group financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

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 parent company financial statements, the directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Waterlogic Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 38 and C1 to C11.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • The impairment of goodwill and other acquired intangible assets, with particular focus on the Chilean, North American and French CGUs; and • The recoverability of trade receivables in the US and the UK.
Materiality	The materiality that we used for the group financial statements was $4.89m which was determined on the basis of just under 4.0% of adjusted earnings before interest, depreciation, tax and amortisation ('AEBITDA').
Scoping	We have performed full scope audit procedures on 10 key business units – UK, Australia, USA, Germany, Australia, China, France, Norway, Sweden and Ireland. In addition, a further 5 holding and finance companies within the Group were subject to specified audit procedures Our full scope and specified audit procedures covered 81% of revenue, 81% of adjusted EBITDA and 94% of net liabilities.
Significant changes in our approach	We have changed the basis on which we have determined materiality in the current year to reflect the impact of COVID-19 on the profit of the group as well as the listing of the Group during the year. For further details refer to section 6 of this report. In addition, we have identified two new key audit matters relating to the recoverability of trade receivables in the US and the UK and the impairment of goodwill and other acquired intangible assets, with particular focus on the Chilean, North American and French CGUs.

4. Conclusions relating to going concern

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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of Management's forecasting process for the business;
- Assessing the performance of the Group post year end up until the date of signing of the financial statements;
- Assessing Management's forecast for the twelve month period from the date of signing and assessing the level of liquidity and covenant headroom throughout the forecast going concern period;
- Challenging and assessing the key assumptions in the forecasts, including future revenue growth and EBITDA margin forecasts, for reasonableness by comparison against historic performance and performance in Q1 2021 to date;
- Checking the clerical accuracy of Management's forecast model;
- Inspecting correspondence with the lenders to obtain an understanding of the current position in relation to the group's financial covenants;
- Recalculating the year-end covenant position and comparing this to the requirements per the facilities agreement;
- Assessing Management's sensitivity analysis and break case scenario; and
- Assessing the appropriateness of the going concern disclosures in the financial statements.

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 group's and parent 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.

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

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. The impairment of goodwill and other acquired intangible assets, with particular focus on the Chilean, North American and French CGUs.

Key audit matter description	Significant goodwill and other acquired intangible asset balances of $602.3m (2019: $568.8m) have arisen on past business combinations. Management is required to assess the carrying value of goodwill and acquired intangible assets with indefinite useful lives and perform an impairment review under *IAS 36 Impairment of Assets* on an annual basis, and when an indication of impairment exists. We consider the ongoing impact that the coronavirus pandemic is having on the macro economic environment to be a significant indicator of impairment. The consideration of the impairment of goodwill and other acquired intangible asset balances is an inherently judgmental area, which is susceptible to management bias, and therefore increases the risk associated with the valuation of these assets. The key judgements, are as follows: • The method of determining the recoverable amount, IAS 36 requiring Management to use the higher of the result given by a value in use (VIU) model based on future cash flow forecasts or the fair value less costs of disposal (FVLCOD) for each CGU; • Where a VIU model has been prepared, the most sensitive assumptions applied to underlying cash flow forecasts supporting the impairment review, including short term revenue growth rates, EBITDA margins, terminal growth rates and working capital assumptions; • The key assumptions in calculating the discount rate (WACC) applied to each CGU, in particular, the risk free rate, the equity risk premium and the size premium; and • In considering the FVLCOD, the method in which this has been calculated with a particular focus on the judgements around the multiples applied. We have further focussed our audit risk on 3 CGUs where the assessment of whether the recoverable amount is greater than the carrying value was particularly sensitive, these were Chile, North America and France. Further details are disclosed in Note 15 of the financial statements.
How the scope of our audit responded to the key audit matter	Our response to the key audit matter included: • Obtaining an understanding of the relevant controls over the impairment process; • Challenging management's key growth assumptions with reference to third party data and assessment of historic forecasting accuracy; • Obtaining an understanding of how COVID-19 has impacted the forecasts, and assessing the reasonableness of management's key assumptions in the forecasts including short term revenue growth rates, EBITDA margins, terminal growth rates and working capital assumptions; • Challenging the discount rate and multiples applied against comparable companies in the industry, with the support of our internal valuation specialists; • Assessing the sensitivity analysis performed by Management; • Performing our own sensitivity analysis on the assumptions used in the calculation; and • Assessing the appropriateness of the disclosure in the financial statements.
Key observations	We concur with management that no impairment is required to the carrying value of goodwill and other acquired intangible assets as at 31 December 2020. We consider the disclosures in the financial statements to be appropriate.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

5.2. Recoverability of trade receivables in the US and the UK

Key audit matter description	At year-end, the Group held total trade receivable balances of $73.9m (2019: $70.6m) before the recognition of the expected credit losses of $12.8m (2019: $5.6m). COVID-19 has impacted trading across the world, with an increased risk of customer default recognised as a result. We therefore consider that there is an increased level of risk associated with the recoverability of trade debtors, specifically in relation to the process of establishing an IFRS 9 compliant provision policy in the UK and the USA, which combined make up $41.2m of the total net trade receivables balance (2019: $21.6m). These markets in particular have seen higher level of receivables ageing and increased levels of customer default, both historically and following the COVID-19 pandemic. In establishing the provision policy, there is an inherent judgement around the appropriateness of key assumptions used in the calculation of the provision, including the recoverability percentages applied to the trade receivables ageing buckets, the lifetime expected credit outcomes for receivables, whether recoverability assumptions are reflective of current cash collection rates and whether additional specific provisions should be made. Management's accounting policy for financial assets, including trade receivables, is disclosed in Note 3 to the financial statements.
How the scope of our audit responded to the key audit matter	Our response to the key audit matter included: • Obtaining an understanding of the key processes and relevant controls around both the cash collection processes and the establishment of provisioning percentages, ; • Assessing Management's provisioning policy and challenging whether this reflects the lifetime expected credit outcomes for receivables, specifically assessing whether the recoverability assumptions are reflective of current cash collection rates given the ongoing COVID-19 pandemic; • Checking the accuracy and completeness of information within the aged debt model; • Checking the provision has been calculated in line with Management's policy through testing the mechanical accuracy of the provision calculations; • Agreeing the sample of invoices on the debtors ledger to subsequent cash receipt; • Assessing the completeness of forward looking factors taken into consideration when determining the IFRS 9 specific accounts receivable provision; and • Assessing the disclosures in the financial statements.
Key observations	We are satisfied that the assumptions applied in assessing the impairment of trade receivables, including the impact of COVID-19, are reasonable and that the bad debt provision has been properly calculated using appropriate relevant data and in accordance with IFRS 9.

6. Our application of materiality

6.1. Materiality

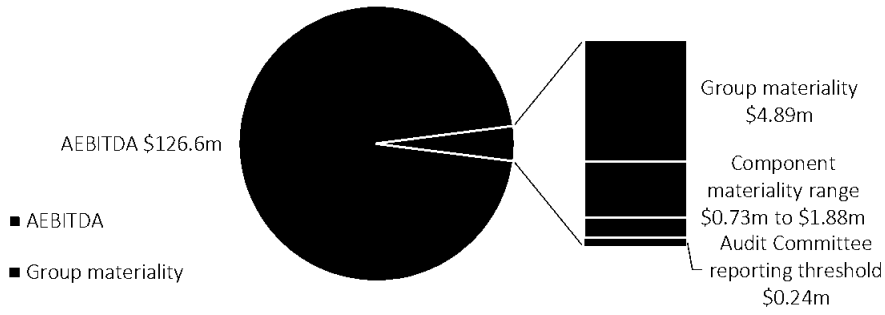
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

	Group financial statements	Parent company financial statements
Materiality	$4.89m (2019: $4.45m)	$0.73m (2019: $0.74m)
Basis for determining materiality	4.0% of adjusted EBITDA. (2019: 5.0% of adjusted EBITDA) Details of adjustments made and a reconciliation between adjusted EBITDA and operating profit has been set out in Note 7.	3.0% of net assets (2019: 3.0% of net assets)
Rationale for the benchmark applied	Materiality has been determined based on professional judgement with reference to the adjusted EBITDA metric in order to set materiality at an appropriate level.	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% of group materiality	70% of parent company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the group's overall control environment and the impact of COVID-19 on the control environment; and b. our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods and prior period errors identified in the current year.	

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $244k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

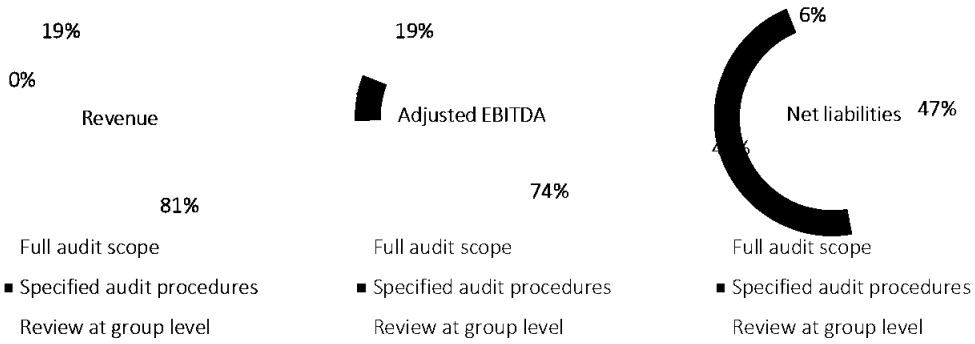
7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls and assessing the risks of material misstatement at the group level. Based on that assessment, we have performed full scope audit procedures on 10 key business units – UK, Australia, USA, Germany, Australia, China, France, Norway, Sweden and Ireland. In addition, a further 5 holding and finance companies within the Group were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations within those entities.

These locations, incorporating those covered by specified audit procedures, account for 81% of the group's revenue, 81% of the group's adjusted EBITDA and 94% of net liabilities. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Component materiality ranged from $0.73m to $1.9m.

At the group level, we also tested the consolidation process, impairment of goodwill and long lived assets, accounting for leases, accounting for acquisitions and related balances, borrowings and intercompany.

We also carried out analytical procedures to support our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.



7.2. Working with other auditors

Working remotely, we exercised close supervision and oversight of our component audit teams through the performance of the following procedures:

- Sent detailed instructions to all component audit teams outlining the specified procedures above;
- All component teams were included in team briefings, planning meetings and component risk assessments;
- We remotely reviewed supporting working papers prepared by components and related deliverables submitted to us; and
- Close calls were held to discuss matters raised.

The group audit team continued to follow a programme of oversight that has been designed so that the Senior Statutory Auditor and/or a senior member of the group audit team reviews overseas components selected by the Senior Statutory Auditor based on his judgement. In the current year, we could not visit any overseas locations due to the current travel restrictions as a result of the COVID19 pandemic. In 2019 we visited two overseas locations being, the US and Germany in addition to the UK business unit. Whilst we were unable to visit this year, we were involved in the work our components and reviewed the audit files of our largest components, being the UK, Australia, Germany, China and Norway. Further, we performed the audit of US component from the UK. Every year, regardless of whether we have visited or not, we include the component audit partner and other senior members of the component audit team in our team briefing, discuss their risk assessment and review documentation of the findings from their work.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 auditor's 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.

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. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered that there are no opportunities and incentives within the organisation for fraud and identified the greatest potential for fraud in the impairment of goodwill and other acquired intangible assets and recoverability of trade receivables in the US and the UK. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified the impairment of goodwill and other acquired intangible asset and Recoverability of trade receivables in the US and the UK as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and both in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Independent auditor's report

to the members of Waterlogic Group Holdings Limited (continued)

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 April 2021

Consolidated income statement

for the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	2019 Restated* $'000
Continuing operations			
Revenue	5	**367,955**	363,169
Cost of sales		**(160,562)**	(158,360)
Gross profit		**207,393**	204,809
Administrative expenses		**(215,923)**	(205,452)
Distribution expenses		**(385)**	(471)
Marketing expenses		**(4,729)**	(7,054)
Other gains and losses	8	**(42,047)**	26,398
Operating (loss) / profit	7	**(55,691)**	18,230
Adjustment for the effect of:			
Corporate reorganisation costs	7	**17,822**	14,060
Acquisition and integration related costs	7	**7,851**	6,916
Gain recorded on bargain purchase	7	**-**	(1,096)
Amortisation of acquired intangibles	7	**35,930**	32,818
COVID-19 related costs	7	**3,715**	-
Group ERP implementation costs	7	**11,362**	11,108
Losses/(gains) on foreign exchange movements	7	**41,548**	(24,883)
Adjusted operating profit		**62,537**	57,153
Finance income	9	**63**	111
Finance costs	10	**(62,090)**	(47,585)
Loss before tax		**(117,718)**	(29,244)
Income tax charge	13	**(386)**	(566)
Loss for the year	7	**(118,104)**	(29,810)
Loss attributable to:			
Owners of the Company		**(118,104)**	(29,810)
		(118,104)	(29,810)

* see note 37.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	2019 Restated* $'000
Loss for the year	7	**(118,104)**	(29,810)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges: gains/(losses) arising during the period	34	**802**	(290)
Exchange differences on translation of foreign operations		**(11,968)**	(13,426)
Income tax relating to items that may be reclassified		**(173)**	83
Other comprehensive expense for the year		**(11,339)**	(13,633)
Total comprehensive expense for the year		**(129,443)**	(43,443)
Total comprehensive expense attributable to:			
Owners of the Company		**(129,443)**	(43,443)
		(129,443)	(43,443)

* see note 37.

Consolidated balance sheet

as at 31 December 2020

	Note	2020 $000	2019 $000
ASSETS			
Non-current assets			
Goodwill	15	**324,333**	302,521
Other intangible assets	16	**333,215**	327,861
Property, plant and equipment	17	**149,648**	140,073
Right-of-use assets	17	**40,512**	40,445
Deferred tax asset	23	**1,994**	-
Derivative financial instruments	22, 34	**-**	2
Total non-current assets		**849,702**	810,902
Current assets			
Inventories	19	**40,968**	42,922
Trade and other receivables	20	**73,789**	77,794
Contract costs	20	**3,663**	2,801
Derivative financial instruments	22, 34	**434**	-
Cash and cash equivalents	31	**84,093**	23,485
Total current assets		**202,947**	147,002
Total assets		**1,052,649**	957,904
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	27	**61,760**	58,431
Translation reserve	28	**1,905**	13,873
Hedging reserve	28	**325**	(304)
Other reserves	28	**152**	152
Retained earnings	29	**(331,682)**	(213,578)
Equity attributable to Shareholders		**(267,540)**	(141,426)
Total equity		**(267,540)**	(141,426)

Consolidated balance sheet (continued)

as at 31 December 2020

	Note	2020 $000	2019 $000
EQUITY AND LIABILITIES continued			
Non-current liabilities			
Borrowings:			
– bank and other borrowings	21	**1,123,897**	893,224
– lease liabilities	21, 24	**30,031**	29,256
Total borrowings		**1,153,928**	922,480
Deferred tax liability	23	**44,319**	39,438
Provisions	26	**1,897**	919
Deferred consideration	30	**3,925**	-
Other long-term obligations		**9**	8
Total non-current liabilities		**1,204,078**	962,845
Current liabilities			
Trade and other payables	25	**67,276**	69,532
Borrowings:			
– bank and other borrowings	21	**367**	18,240
– lease liabilities	21, 24	**12,388**	10,894
Total borrowings		**12,755**	29,134
Current tax liabilities		**5,114**	6,246
Provisions	26	**2,303**	2,748
Deferred revenue		**26,548**	25,588
Derivative financial instruments	22, 34	**-**	171
Deferred consideration		**2,115**	3,066
Total current liabilities		**116,111**	136,485
Total liabilities		**1,320,189**	1,099,330
Total equity and liabilities		**1,052,649**	957,904

The consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 29 April 2021 and were signed on its behalf by:

Huw Jenkins
Group Chief Financial Officer

Company number 09297208

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Share capital $'000	Translation reserve $'000	Hedging reserve $'000	Other reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2019	58,431	27,299	(97)	152	(183,768)	(97,983)
Loss for the year - restated*	-	-	-	-	(29,810)	(29,810)
Other comprehensive expense - restated*	-	(13,426)	(207)	-	-	(13,633)
Total comprehensive expense - restated*	-	(13,426)	(207)	-	(29,810)	(43,443)
Balance at 1 January 2020 - restated*	58,431	13,873	(304)	152	(213,578)	(141,426)
Loss for the year	-	-	-	-	(118,104)	(118,104)
Other comprehensive income/(expense)	-	(11,968)	629	-	-	(11,339)
Total comprehensive income/(expense)	-	(11,968)	629	-	(118,104)	(129,443)
Shares issued in the year	3,329	-	-	-	-	3,329
Balance at 31 December 2020	**61,760**	**1,905**	**325**	**152**	**(331,682)**	**(267,540)**

* see note 37.

Consolidated cash flow statement

for the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	2019 Restated* $'000
Loss after tax for the year		**(118,104)**	(29,810)
Adjustments:			
– depreciation and amortisation		**99,010**	85,424
– income tax charge	13	**386**	566
– net interest expense and changes in the fair value of derivative financial instruments		**62,027**	47,474
– profit on disposal of non-current assets		**(130)**	(154)
– gain on bargain purchase		**-**	(1,096)
– contingent consideration adjustments		**34**	(168)
– foreign exchange movements	8	**41,548**	(24,883)
Adjusted operating cash flow before working capital movements		**84,771**	77,353
Net effect of working capital movements	31	**5,963**	(3,071)
Cash flow before purchase of rental assets, interest and tax		**90,734**	74,282
Purchases of rental assets		**(40,502)**	(50,343)
Proceeds on disposal of rental assets		**788**	726
Interest paid on leased assets		**(2,375)**	(1,759)
Other interest paid		**(27,865)**	(23,237)
Tax paid		**(4,587)**	(3,155)
Net cash from/(used in) operating activities		**16,193**	(3,486)
Investing activities			
Interest received		**62**	83
Proceeds on disposal of property, plant and equipment		**2,938**	1,306
Purchases of property, plant and equipment		**(6,109)**	(7,948)
Purchases of intangible assets		**(17,244)**	(20,698)
Acquisitions, net of cash acquired		**(19,971)**	(109,708)
Deferred consideration paid		**(841)**	(286)
Net cash used in investing activities		**(41,165)**	(137,251)
Financing activities			
Proceeds from the issue of new shares (net of costs)	27	**-**	-
New bank loans and other borrowings raised		**145,828**	152,628
Repayment of bank loans and other financing		**(47,476)**	(24,092)
Repayment of lease liabilities		**(13,961)**	(12,008)
Payment of derivative financial instruments		**(68)**	87
Net cash from financing activities		**84,323**	116,615
Translation differences		**1,257**	1,049
Net increase/(decrease) in cash and cash equivalents		**60,608**	(23,073)
Net cash and cash equivalents at beginning of year		**23,485**	46,558
Net cash and cash equivalents at end of year	31	**84,093**	23,485

* see note 37.

Notes to the consolidated financial statements

for the year ended 31 December 2020

1. General information

The Group operates as a vertically integrated business engaged in the design, manufacture, distribution, servicing and sale of POU water machines and water cooling and filtration equipment (including bottled water) in worldwide markets. The Group also engages in the distribution, servicing and sale of coffee equipment in certain markets.

The Company is a private company limited by shares and is incorporated in England and Wales under registration number 09297208. The address of its registered office is 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

The consolidated Financial Statements present the financial record of the Group for the year ended 31 December 2020.

Companies in the consolidated financial information

The subsidiary undertakings included within the Financial Statements are set out in note 18.

2. Outlook for adoption of future standards (new and amended)

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Notes to the consolidated financial statements (continued)

2. Outlook for adoption of future standards (new and amended) (continued)

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the consolidated financial statements (continued)

2. Outlook for adoption of future standards (new and amended) (continued)

Annual Improvements to IFRS Standards 2018–2020 *(continued)*

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Other standards not yet effective

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

The accounting policies set out below have been applied in the Financial Statements.

Basis of preparation
The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The Financial Statements have been prepared on a going concern basis and under the historical cost convention, modified by the revaluation of certain financial instruments that are measured and revalued at amounts or fair values at the end of each financial reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Adoption of new and amended accounting standards
The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendment to IFRS 16 Impact of the initial application of COVID-19-Related Rent Concessions
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8 Definition of material

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Adoption of new and amended accounting standards (continued)

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures.

The Directors consider that the total value of rent concessions from which the Group has benefited during the year is immaterial in the context of these financial statements. Accordingly, no additional disclosure in relation to these concessions is included in the financial statements.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

3. Significant accounting policies

Fair value definition

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated Financial Statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Going concern
The Group's business activities and position in the market are described in the Strategic Report. The Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertainties within the global economy. Accordingly, the Directors consider it appropriate to prepare the Financial Statements on a going concern basis. Further detail is contained in the Strategic Report on pages 1 to 9.

Basis of consolidation
The Financial Statements incorporate the results of the Company and its subsidiaries made up to 31 December 2020. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Income and expenses of subsidiaries acquired during the year to 31 December 2020 are included in the consolidated statement of comprehensive income from the effective date of acquisition.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations
Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are recognised directly in the Income Statement as incurred. Identifiable assets acquired, including intangible assets and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement for the period.

Where applicable the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted against the cost of acquisition. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The accounting for all subsequent changes in fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent balance sheet dates in accordance with IAS 39 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the Income Statement.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with IFRS 2 Share Based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

With effect from 1 January 2019 the Group has adopted the revised definition of a business set out in '*Definition of a business (Amendments to IFRS 3).*

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the "acquisition date"). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs") expected to benefit from synergies arising from the combination. CGUs to which goodwill has been attributed under IFRS 3 Business Combinations are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in determining profit or loss on disposal.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes, discounts and after eliminating intra-group sales.

The Group recognises revenue from the following major sources:

- Rental of POU water machines, UTS and bottled water coolers ("water dispensers");
- Service of POU water dispensers;
- Direct and indirect sale of water dispensers;
- Direct and indirect sale of rental contracts; and
- Direct and indirect sale of consumables.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and is recognised when control of a good or service is transferred to a customer. Revenue recognised in the Income Statement but not yet invoiced is held on the balance sheet within "Trade and other receivables". Revenue invoiced but not yet recognised in the Income Statement is held on the balance sheet within "Deferred revenue".

Combined rental and service contracts

The Group has in place a number of contracts with customers that cover both the rental of water dispensers and the servicing and maintenance of those water dispensers. The transaction price is allocated to each performance obligation to reflect the amount of consideration to which the Group is entitled to, in exchange for transferring the promised goods or services to the customer. The Group allocates combined rental and service income to the separate rental and service categories based on a percentage allocation method, which is calculated for each business unit. The percentage allocation, which is recalculated periodically, is based on the transaction price being allocated to each performance obligation in proportion to its stand-alone selling price.

Rental of water dispensers

Rental income is made up of revenue from the supply of goods where the Group is lessor in an operating lease and is recognised over time, with the transaction price allocated to this service released on a straight-line basis over the period of the lease. Included in the transaction price for the rental of water dispensers, in some contracts, is the installation of those dispensers. The rental and installation elements of the contract are considered to be one deliverable, as they are highly interrelated, and therefore there is no allocation of a portion of the transaction price to installation.

Service of water dispensers

Sales of services are recognised proportionally over the duration of the service period, provided a right to consideration has been established.

Direct and indirect sales of water dispensers

Sales of water dispensers are either "direct" to end-user customers or "indirect" to wholesale distributors. Revenue from the supply of goods is recognised once control of the goods has been transferred to the customer, being when the goods have been delivered to a customer site or in the case of indirect sales, when the goods have been delivered to the wholesale distributor.

Included in the transaction price for the direct sale of water dispensers, in some contracts, is the installation of those dispensers. The installation is considered to be a distinct service as it is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to installation services based on the stand-alone selling price of those services. Revenue for installation is recognised once control of the service has been transferred to the customer, being at the time the water dispenser is installed at a customer site.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Revenue recognition (continued)

Customer rebates

Contracts involving the sale of goods that result in rebates or the supply of POU water dispensers free of charge to qualifying customers (usually determined by volume of sales in a given period) are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award of rebates or free issues earned and granted. The consideration allocated to provision for rebates is measured by reference to their fair value – the amount for which the earned credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue only when the Group's obligations have been fulfilled and the actual value of any rebate or free issues determined.

Direct and indirect sale of rental contracts

The Group will occasionally sell the rights under a rental contract together with the related water dispensers and/or coffee dispensers to a third party finance house. Where control of the asset passes to the third party this is accounted for as a "direct" sale of goods. Where the Group retains a significant interest in the underlying asset the sale proceeds are recognised as borrowings and the Group continues to recognise the gross revenues under the rental contract as they are earned. The arrangements have been made both with and without recourse.

Direct and indirect sale of consumables

The Group sells a range of consumables, including bottled water, CO2 and re-usable bottles to complement its water dispensers. Revenue generated by these consumables is recognised when control of the goods passes to the customer, being when the good is delivered to a customer site. Where consumables are included as part of a rental or sale contract the consumables are considered to be a distinct good as they are regularly supplied by the Group to customers on a stand-alone basis and are available for customers from other providers in the market. A portion of the transaction price is therefore allocated to consumables sales based on the stand-alone selling price of those goods.

Late fees

Where a customer does not pay outstanding amounts in accordance with the contracted terms of trade the Group may levy late fees. Late fees are recognised within income as they arise.

Interest income

Interest income is recognised in the Income Statement when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease (except where immaterial) are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Commissions on new contracts are capitalised and depreciated over one and a half times the initial lease term.

Rental agreements run for a minimum period of twelve months and typically for three to five years. Some rental agreements have no fixed end date and may be cancelled by either party subject to a minimum notice period or early termination penalty. The average useful economic life for a POU water device is approximately four to ten years whilst refurbishment can extend the life of some devices to eleven years or more. For this reason existing rental agreements are not judged to transfer substantially all of the risks and rewards of ownership to the lessee.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets worth less than $5,000 (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives receivable;
- The amount expected to be payable by the lessee under residual value guarantees; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within a separate caption in the consolidated balance sheet, with additional information disclosed in note 17.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

The individual Financial Statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). Following the acquisition of the Waterlogic Group in 2015 the US Dollar became the predominant functional currency of the Group and therefore the presentation currency for the Consolidated Financial Statements is the US Dollar.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal or partial disposal of the net investment.

For the purpose of presenting the Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

The Group has incurred no borrowing costs attributable to the acquisition, construction or production of qualifying assets. Borrowing costs incurred in relation to refinancing are capitalised and amortised to the income statement over the term of the loan. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Operating profit

Operating profit is stated before investment or finance income and finance costs.

Adjusted profitability measures

The Directors use adjusted profitability measures to judge the profitability of the Group in order to provide them with a consistent basis of comparison of the Group's results on a year-on-year basis, and to provide the reader of the accounts with a fuller understanding of the financial performance of the Group. Adjusting items presented on the face of the Consolidated Income Statement are considered to be those that are one-off in nature, out of the normal operating activities of the Group or otherwise presented to provide the reader of the accounts with a fuller understanding of the financial performance of the Group.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Government grants and assistance

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Furlough grant income has been shown net against the related employee expense. Note 11 provides further information on how the group accounts for government grants.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are only recognised for taxable temporary differences arising on investments in subsidiaries where the Group is unable to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tangible and intangible assets

Property, plant and equipment

Land, buildings, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets less residual value over their useful lives, using the straight line method, on the following bases:

POU water dispensers on rental	4–10 years
Bottled water dispensers	4–10 years
Plant and machinery	3–10 years
Fixtures, fittings and equipment	3–10 years
Motor vehicles	3–5 years
Property	20 - 30 years
Leasehold improvements	3-10 years
Rental commissions	2–8 years

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement on the transfer of the risks and rewards of ownership.

The Group has no class of tangible fixed asset that has been revalued.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Intangible assets – useful economic lives

Amortisation is provided for intangible assets other than goodwill and certain other specific intangible assets so as to write off the cost or valuation of the assets over their useful lives, using a straight-line method, on the following bases:

Customer relationships	5–15 years
Development costs	4–10 years
Brand names, trademarks and patents	1–10 years
Software	3–5 years
ERP	10 years
Re-acquired rights	5–15 years
Other intangible assets	1–10 years

Amortisation of intangible assets is charged to administrative expenses in the consolidated income statement.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Tangible and intangible assets (continued)

Internally generated intangible assets

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

An internally generated intangible asset arising from the Group's development of new and enhanced water dispenser, water purification devices or related consumable items is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as product designs and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the costs of developing this asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, with a presumption that this is no more than ten years. Where no internally generated intangible asset can be recognised, the expenditure is recognised as an expense in the period in which it is incurred.

Purchased patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives where there is an expiry date.

Purchased customer lists and rental contracts (customer relationships)

Customer lists and rental contracts are measured initially at the purchase cost attributed to them when the asset is bought. In the absence of an external market for the buying and selling of these intangible assets, the valuation is normally based on a discounted cash flow approach with assumptions made for customer attrition rates, growth, contributory asset charges, asset specific discount rates, useful economic life and an estimate of tax amortisation benefits arising from the recognition of these intangibles. For all significant acquisitions these valuations have been prepared by independent valuation firms.

Other purchased intangibles

On the acquisition of a trading business, the Group undertakes an evaluation of the business to identify the existence of any intangible assets in accordance with IFRS 3 (2008). The classes of intangible assets that are most commonly identified include brand names, non-compete agreements with key personnel and the existence of a skilled and knowledgeable workforce. With the exception of the workforce, which is allocated to goodwill, all other acquired intangibles are recognised under brand names, trademarks, customer relationships, patents, re-acquired rights and other intangible assets (note 16). For all significant acquisitions these valuations have been prepared by independent valuation firms.

Impairment of tangible and intangible assets excluding goodwill

At the balance sheet date, the Group reviewed the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of: (i) fair value less costs to sell; and (ii) value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation balance is greater than the impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years for the asset (or CGU). A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using either the first-in-first-out method or, for fast moving items, the average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

Financial assets that are within the scope of IFRS 9 are required to be classified and measured subsequently at amortised cost, fair value through OCI ('FVTOCI') or fair value through profit and loss ('FVTPL') on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at FVTOCI; and
- all other debt investments and equity investments are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Classes of financial asset

Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at FVTOCI

Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognised in other comprehensive income. Fair value is determined in the manner described in note 34.

Financial assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the income statement. Fair value is determined in the manner described in note 34.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss ('ECL') model. The ECL model requires the Group to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, IFRS 9 also requires current and future events to be considered when making an impairment assessment.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For listed and unlisted equity investments measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The Group applies the IFRS 9 simplified approach to the measurement of ECLs which uses a lifetime ECL for all trade receivables. The ECL on these trade receivables are estimated using a provision matrix for collective assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, to the extent that these are expected to have an effect on recovery of trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics where relevant, and the days past due. The ECL percentage rates of default applied to trade receivables grouped by days past due are based on the payment profiles of sales over a selected period and the corresponding historical default (non-payment which resulted in the debt being written off) experienced in relation to these sales. The percentage rates of default are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where applicable.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The Group has issued no compound instruments (convertible bonds) requiring separate classification as financial liabilities and equity in accordance with the substance of the contractual arrangement.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

Financial liabilities are classified as either "financial liabilities at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the income statement. Fair value is determined in the manner described in note 34.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Derivative financial instruments

The Group is able to enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and interest rate caps. Further details of derivative financial instruments are disclosed in note 34.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Income Statement depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than twelve months and is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of interest rate risk and foreign currency risk as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

• there is an economic relationship between the hedged item and the hedging instrument;

• the effect of credit risk does not dominate the value changes that result from that economic relationship; and

• the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the OCI is reclassified to profit or loss on a rational basis – the Group applies a weighted average basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the OCI is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the “other gains and losses” line item.

Notes to the consolidated financial statements (continued)

3. Significant accounting policies (continued)

Cash flow hedge (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the income statement as the ineffective hedged costs. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Notes 22 and 34 set out details of the fair values of any derivative instruments used for hedging purposes.

Share based incentives

Equity-settled share based incentives to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share based incentives is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Leases – the Group as lessor

Rental agreements run for a minimum period of twelve months and typically for three to five years. This is substantially less than the average useful economic life for a POU device. For this reason all existing rental agreements are not judged to transfer substantially all of the risks and rewards of ownership to the lessee. Consequently they are accounted for as operating leases.

Notes to the consolidated financial statements (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill (note 15)

The Directors review the carrying value of the Group's goodwill balances at least annually. The uncertain impact of Covid-19 on the economy and future cash generating unit or group of cash generating units ('CGU') cash flows could give a risk of a material change in the valuation of goodwill in future periods. Therefore, attention will continue to be paid by the Directors to the possible impacts on CGU cashflows as the global economy recovers from the pandemic.

Determining whether goodwill is impaired requires an estimation of the value in use or fair value less cost of disposal of the CGUs to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The fair value less cost of disposal is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Further details are given in note 15, including details of CGUs where a reasonably possible change could cause an impairment.

Calculation of ECL (note 20)

The Directors undertake a review of all new customers and a periodic review of existing customers to determine whether specific risks of default exist. Beyond identification of specific risks, the Directors undertake periodic reviews into the calculation of ECL to ensure historic, current and forward-looking information continues to provide a basis for impairment assessment. This review includes analysing data related to the impact of the COVID 19 pandemic on the risk profile of the Group's customers. This will ensure that provision levels remain at a level commensurate with the perceived level of risk as it develops. The Directors also monitor collection processes to ensure that they remain one of the highest priorities for the Waterlogic business units. Counterparty risk is mitigated in respect of rental customers as the rentals are collected in advance. Indications of default can be identified early and recourse action taken to recover overdue rentals or repossess equipment provided under the rental agreement. Further details are provided in note 20.

Notes to the consolidated financial statements (continued)

5. Revenue from contracts with customers

An analysis of the Group's revenue is as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Continuing operations		
Direct revenue	**39,796**	44,406
Indirect revenue	**35,724**	45,294
Rental income	**155,666**	140,075
Service income	**89,282**	74,789
Consumables revenue	**33,505**	46,224
Other revenue	**13,982**	12,381
Total revenue	**367,955**	363,169

Direct revenue represents the value of sales made directly to customers. Indirect revenue represents sales made through the Group's dealer network. Other revenue includes administration and freight fees charged to customers and other miscellaneous income.

A geographical analysis of revenue by customer location is as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Continuing operations		
UK and mainland Europe	**182,057**	183,072
Scandinavia	**43,876**	46,529
USA and Canada	**86,475**	79,813
Australia	**49,953**	51,749
Rest of the world	**5,594**	2,006
Total revenue	**367,955**	363,169

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time, analysed as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Revenue recognised:		
Over time	**244,948**	214,864
At a point in time	**123,007**	148,305
Total revenue	**367,955**	363,169

Rental commissions

Management considers that incremental commission fees paid to employees as a result of obtaining operating leases relating to rental income are recoverable. The Group has therefore capitalised them within plant, property and equipment in the amount of $18,457,000 at 31 December 2020 (2019: $14,112,000). Capitalised commission fees are amortised when the related revenues are recognised. In 2020, the amount of amortisation was $3,085,000 (2019: $2,302,000) and there was no impairment loss in relation to the costs capitalised. Further details of movements in the carrying value of capitalised contract costs are shown in note 17.

Notes to the consolidated financial statements (continued)

6. Auditor's fees

The analysis of the auditor's fees is as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Audit services and audit related services		
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts	**535**	380
Fees payable to the Group's auditor and its associates for the audit of the Company's subsidiaries	**914**	766
Total audit fees	**1,449**	1,146
Other services		
Other taxation services:		
Taxation compliance services	**334**	278
Other taxation advisory services	**588**	1,554
Other non-audit services	**40**	172
Total non-audit services	**962**	2,004
Total	**2,411**	3,150

No services were provided pursuant to contingent fee arrangements.

7. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

		Year ended 31 December	
	Note	**2020 $'000**	2019 $'000
Net foreign exchange losses/(gains)	8	**41,548**	(24,883)
Research and development costs		**1,262**	1,442
Depreciation of property, plant and equipment	17	**44,796**	38,263
Depreciation of right-of-use assets	17	**13,646**	10,977
Profit on disposal of property, plant and equipment	8	**(130)**	(154)
Amortisation of acquired intangibles	16	**35,930**	32,818
Amortisation of other intangibles	16	**4,638**	3,366
Gain recorded on bargain purchase		**-**	(1,096)
Cost of inventories recognised as an expense		**47,315**	54,310
Write downs of inventories recognised as an expense		**204**	60
Reversal of write downs of inventories recognised as a credit		**(30)**	(57)
Staff costs:			
– corporate reorganisation		**3,492**	2,027
– other		**134,369**	140,197
Acquisition and integration related costs		**7,710**	6,916
Impairment losses recognised on trade receivables	20	**9,685**	3,453
Reversal of impairment losses recognised on trade receivables	20	**(699)**	(342)
Change in fair value of derivative financial instruments	10	**277**	221

Notes to the consolidated financial statements (continued)

7. Loss for the year (continued)

Adjusted profitability measures

The Directors use adjusted profitability measures to judge the profitability of the Group in order to provide them with a basis of comparison of the Group's results on a year-on-year basis. Adjusting items are considered to be those that are one-off in nature, out of the normal operating activities of the Group or otherwise presented to provide the reader of the accounts with a fuller understanding of the financial performance of the Group. During the years under review, "Adjusted Measures" include adjusted operating profit and adjusted EBITDA.

The following items have been taken into account when calculating adjusted items:

- *Corporate reorganisation costs*
  - Costs associated with termination of employment resulting from:
    - relocation and/or redundancy of roles following strategic restructuring activities;
    - the hiring of replacements or the cost of filling new positions and the short-term incremental cost of transitioning to new roles following a fundamental restructure of a business or department; and
    - termination payments to Executive Directors of the Group;
  - Significant costs associated with the restructuring, re-organising, liquidating, merging, incorporation and disposal of legal entities and joint ventures, including the associated tax, legal and financial advice costs;
  - Non-recurring costs associated with the restructuring of the Group's tax operating and funding model; and
  - Non-capitalisable costs associated with the relocation of existing, or the establishing of new, substantial and significant manufacturing, warehousing, assembly or office facilities. Costs can include the cost impact of suboptimal factory performance leading up to full production.
- *Acquisition and integration related costs*
  - Costs associated with acquisitions, including transaction costs and fair value adjustments on contingent consideration and any non-capitalised deferred consideration payable to any shareholder post-acquisition; and
  - Significant costs associated with the post-acquisition integration of companies and businesses, including restructuring undertaken as a result of the acquisition of subsidiaries or businesses by the Group.
- *Gain recorded on bargain purchase*
  - Gain on acquisition of entities where the fair value of net assets acquired exceeds the fair value of consideration paid.
- *Amortisation of acquired intangibles*
  - Amortisation charge for the period relating to intangibles acquired with previously purchased subsidiaries (see note 16).
- *COVID-19 related costs*
  - Non-operating employment costs related to employees that were on furlough and not providing services to the Group and the costs of redundancies resulting from the pandemic (including associated legal costs).
- *Impairment of goodwill and acquired intangibles*
  - Impairment charge following the Group's annual goodwill and acquired intangibles impairment test.
- *Group ERP implementation costs*
  - Costs associated with the implementation of a Group-wide ERP solution including data cleansing, data migration, training and other costs.
- *Foreign exchange gains and losses*
  - Impact of retranslation of balances held in non-functional currency by subsidiary entities. This removes the disproportional financial impact that the retranslation of balances held in non-functional currency can have on the financial performance of the business.

Notes to the consolidated financial statements (continued)

7. Loss for the year (continued)

	Year ended 31 December	
	2020 $'000	2019 Restated* $'000
Operating (loss)/profit	**(55,691)**	18,230
Add depreciation, amortisation and impairment	**99,989**	86,104
EBITDA**	**44,298**	104,334
Adjusting items:		
– corporate reorganisation costs**	**17,822**	14,060
– acquisition and integration related costs**	**7,851**	6,916
– gain recorded on bargain purchase**	**-**	(1,096)
– amortisation of acquired intangibles	**35,930**	32,818
– COVID-19 related costs**	**3,715**	-
– Group ERP implementation costs**	**11,362**	11,108
– Losses/(gains) on foreign exchange movements**	**41,548**	(24,883)
Total adjusting items	**118,228**	38,923
Adjusted operating profit	**62,537**	57,153
Adjusted EBITDA**	**126,596**	110,439

* see note 37.

** items included in calculating adjusted EBITDA

Notes to the consolidated financial statements (continued)

8. Other gains and losses

	Year ended 31 December	
	2020 $'000	2019 $'000
Gain on disposal of non-current assets	**130**	154
(Losses)/gains on foreign exchange movements	**(41,548)**	24,883
Gain recorded on bargain purchase	**-**	1,096
Other (losses)/gains	**(629)**	265
	(42,047)	26,398

No other gains or losses have been recognised in respect of loans or on financial liabilities measured at amortised cost.

9. Finance income

	Year ended 31 December	
	2020 $'000	2019 $'000
Bank deposit interest	**36**	27
Other finance income	**27**	84
	63	111

10. Finance costs

	Year ended 31 December	
	2020 $'000	2019 $'000
Interest on loan from parent undertaking	**28,136**	20,570
Interest on bank overdrafts and loans	**27,580**	23,060
Bank loan facility fees	**3,481**	1,770
Interest on lease liabilities	**2,375**	1,759
Other financial expenses	**241**	205
Total interest expense	**61,813**	47,364
Fair value changes arising on derivatives in a designated cash flow hedge accounting relationship	**277**	221
	62,090	47,585

The loss on derivatives in a designated cash flow hedge accounting relationship relates to the profit and loss movement in the period in relation to interest rate swaps and caps designated as cash flow hedges on the Group's loan facilities, details of which are disclosed in note 22.

11. Staff information

Staff costs (including directors) during the year were as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Wages and salaries	**114,184**	119,288
Social security costs	**19,958**	19,192
Other pension costs	**3,719**	3,744
	137,861	142,224

The Company has no employees other than its directors, whose remuneration is disclosed in note 12.

Notes to the consolidated financial statements (continued)

11. Staff information (continued)

The average number of employees during the period, calculated in accordance with Companies Act 2006 requirements, was:

	Year ended 31 December	
	2020 Number	2019 Number
Administration and management	**468**	399
Operations	**1,905**	1,706
Sales and marketing	**582**	573
	2,955	2,678

Share based incentives

Some eligible senior employees (the 'employees') participate in a Management Incentive Programme scheme (MIP), whereby they paid full market value for shares in a non-Group MIP entity, granted to them under the MIP. As the employees paid full market value for the shares there is no benefit to the employees as a result of the issue of the MIP shares to them. Accordingly, no share-based payment charge is recognised in the Group financial statements for the granting of the MIP shares to the employees.

Under the MIP, the employees were able to receive a non-Group funded loan to fund between 0% and 100% of the full market value for the shares granted to them under the MIP. As the loans were issued to the employees on market terms and bear interest at 5% there is no benefit arising from this aspect of the loans. There is a potential benefit to the employees if, on the eventual sale of the Group, the total sale proceeds of the MIP shares purchased fall below the loan value plus accrued interest. In this event the recourse to the employees for repayment of the loans is limited to the value of the proceeds received by the employees upon the eventual sale of the shares. Due to the low probability that the circumstances necessary to crystallise this benefit would occur, the potential share based payment charge to the Group is considered to be not material and no charge has therefore been reflected in the financial statements.

COVID-19 Payroll support

Included in profit or loss is $7,769,000 of government grants obtained relating to supporting the payroll of the Group's employees. The Group has elected to present these government grants as a reduction in the related expense, employment costs, rather than recognising these separately. The terms and conditions of the grants provided varied in each geographical market in which the Group operates, the Group has met all conditions relating to government grants that have been recognised in employment costs. The Group does not have any unfulfilled obligations relating to this programme.

12. Directors' remuneration

Directors' remuneration for the year was as follows:

	Year ended 31 December	
	2020 $'000	2019 $'000
Remuneration	**1,979**	2,071
Company contributions to defined contribution pension schemes	**33**	39
Benefits in kind	**24**	29
	2,036	2,139

During the year benefits were accruing to three directors under defined contribution pension schemes. The highest paid director received remuneration of $692,000 (2019: $684,000). The value of the company's contributions to a defined contribution pension scheme in relation to the highest paid director was $14,000 (2019: $15,000).

Notes to the consolidated financial statements (continued)

13. Tax

	Year ended 31 December	
	2020 $'000	2019 $'000
Current tax expense:		
Current year	**3,844**	2,993
Adjustments in respect of prior years	**(627)**	3,320
	3,217	6,313
Deferred tax (note 23):		
Origination and reversal of temporary differences	**(4,569)**	(5,432)
Change in tax rate on deferred tax asset/liability brought forward	**1,110**	(155)
Adjustments in respect of prior years	**228**	(103)
Recognition/(derecognition) of previously unrecognised deferred tax liability	**400**	(57)
Total deferred tax credit	**(2,831)**	(5,747)
Total tax charge	**386**	566

The standard rate of corporation tax applied to reported profit is 19 per cent (2019: 19 per cent) of the estimated taxable profit for the year in the income statement for the Group, which at 31 December 2019 was resident for tax purposes in England and Wales (2019: England and Wales). A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020) but this reduction was withdrawn in 2020 before it became effective. In addition, in the March 2021 Budget it was announced that the UK corporation tax rate would rise to 25% from 1 April 2023. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for each period can be reconciled to the loss per the income statement as follows:

	Year ended 31 December	
	2020 $'000	2019 Restated* $'000
Loss before tax on continuing operations	**(117,718)**	(29,244)
Tax at the UK corporation tax rate of 19 per cent (2019: 19 per cent)	**(22,366)**	(5,556)
Tax effect of expenses that are not deductible in determining taxable profit	**13,573**	5,279
Tax effect of non-taxable income	**-**	(6,414)
Tax effect of tax losses in current period not utilised and deferred tax not recognised	**9,076**	6,268
Tax effect of other temporary differences where deferred tax not recognised	**468**	151
Utilisation of brought forward losses where losses previously not provided	**(27)**	(1,019)
Adjustments recognised in the current year in relation to the tax of prior years – current tax	**(627)**	3,320
Adjustments recognised in the current year in relation to the tax of prior years – deferred tax	**228**	(103)
Effect of change in tax rate on deferred tax asset/liability brought forward	**1,110**	(155)
Tax effect of items charged at non-standard rate	**(1,449)**	(1,148)
Recognition/(derecognition) of previously unprovided deferred tax liability	**400**	(57)
Total tax charge for the year	**386**	566

* see note 37.

The tax rate used for the above reconciliation is the effective domestic rate of tax in the United Kingdom, being the country in which the Company is domiciled. This has remained at 19% throughout 2019 and 2020.

Notes to the consolidated financial statements (continued)

14. Dividends

No dividends have been declared in the two periods covered in the Financial Statements.

15. Goodwill

	Cost $'000	Accumulated impairment losses $'000	Carrying amount $'000
At 1 January 2019	265,442	(11,298)	254,144
Acquisitions	45,488	-	45,488
Exchange differences	2,768	121	2,889
At 1 January 2020	313,698	(11,177)	302,521
Acquisitions (note 30)	9,500	-	9,500
Exchange differences	12,918	(606)	12,312
At 31 December 2020	**336,116**	**(11,783)**	**324,333**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units or group of cash generating units (CGUs) that are expected to benefit from that business combination. All CGUs in the Group are geographical areas with the exception of WL Trading which operates in different markets with independent cash flows arising from those markets. The carrying amount of goodwill had been allocated as follows:

	Opening Goodwill balance $'000	Acquisitions $'000	Exchange differences $'000	Closing Goodwill balance $'000
North America	70,559	-	190	70,749
Scandinavia	10,716	902	1,152	12,770
Australia	39,933	-	3,956	43,889
Germany	12,634	-	1,182	13,816
WL Trading	19,350	-	-	19,350
UK	119,358	633	4,220	124,211
Chile	14,188	1,146	512	15,846
France	2,880	-	269	3,149
Other	12,903	6,819	831	20,553
Total	**302,521**	**9,500**	**12,312**	**324,333**

Within the "Other" category are a number of CGUs (the "Other CGUs") for which the amount of goodwill allocated to each unit is not significant in comparison with the Group's total carrying amount of goodwill.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from the higher of value in use ("VIU") and fair value less cost to sell ("FVLCS"). The cash flow forecasts are based on the most recent Board approved budget and projections for next five years.

The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal value growth rates, discount rates and EBITDA margins. These assumptions are reviewed and revised annually in light of current economic conditions and the future outlook of each CGU.

The Directors estimate discount rates using post-tax rates that reflect current market assessments of the time value of money and the conditions specific to each CGU. For the following significant CGUs, the post-tax discount rates were used in the VIU models and the equivalent pre-tax discount rates are shown below:

- UK – 12.4% (2019: 12.4%)
- Australia – 13.9% (2019: 13.8%)
- North America – 12.6% (2019: 13.1%)
- Scandinavia – 11.5% (2019: 11.8%)
- Chile – 15.1%
- Germany – 12.9% (2019: 12.3%)
- France – 12.3% (2019: 12.3%)
- WL Trading – 11.4% (2019: 10.5%)

Notes to the consolidated financial statements (continued)

15. Goodwill (continued)

For the remaining CGUs a range of pre-tax discount rates from 11.3% to 15.5% percent was used (2019: 10.5% to 13.8%).

The revenue growth rates used in the initial five-year term consider the existing customer base and revenue commitments from it, anticipated additional sales to existing and new customers, and specific market trends that are currently seen or expected in the future including expected impact of COVID-19. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The compound average growth rates (CAGR) applied to revenue range from 5.5% to 24.8% (2019: 2.5% to 22.7%) with a long-term growth rate ranging from 1.2% to 4.0% (2019: 1.1% to 3.5%) applied in the terminal value calculation, based on long-term inflation rates of the geographic market in which the CGUs operate.

EBITDA margins are assumed to remain sustainable, an assumption which is supported by historical experience. The margins vary between CGUs dependent on the market and growth stage of the CGU. The average EBITDA margins applied in the projection period range from 22.0% to 53.4% (2019: 14.7% to 50.8%).

Where FVLCS is used as the hierarchy level 3 valuation method, the recoverable amount of the CGU is calculated by applying either an appropriate EBITDA or a revenue multiple based on available current market data and deducting estimated costs to sell the business.

FVLCS was used for North America, France and Colombia as it was higher than the VIU. For all other CGUs the impairment review has only been based on VIU as this supported the carrying value.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Details of the 2020 acquisitions are disclosed in note 30.

Impairment reviews were performed for each CGU, including sensitivity analysis (discussed below). The sensitivities modelled for VIU were the downside in the average EBITDA margin, revenue CAGR, discount rate, or the terminal growth. For FVLCS the reasonably possible downsides have been based on EBITDA or revenue multiples.

No impairment in the value of goodwill in any of the CGUs was identified.

Sensitivity analysis

Sensitivity analysis has been performed on reasonably possible changes to the key assumptions detailed above. The following changes would result in the carrying amount of the CGU to exceed its recoverable amount:

- Hungary: A decrease in the average EBITDA margin of 2.4%, or an increase in the discount rate of 2.6%, or a decrease in the revenue CAGR of 1.8%, would result in the carrying amount of the CGU being equal to its recoverable amount.
- Scandinavia: A decrease in the average EBITDA margin of 3.4%, or a decrease in the revenue CAGR of 3.5% would result in the carrying amount of the CGU being equal to its recoverable amount.
- Chile: A decrease in the average EBITDA margin of 5.6%, or an increase in the discount rate of 1.3%, or a decrease in the revenue CAGR of 2.9%, or a decrease in the terminal value growth rate to 2.2% would result in the carrying amount of the CGU being equal to its recoverable amount.

Further to the above, sensitivity analysis has also been performed on the CGUs where FVLCS was used. The following changes, which are not considered to be reasonably possible would result in the carrying amount of the CGU to equal its recoverable amount:

- North America: A decrease in the multiple of 24.1% would result in the carrying amount of the CGU being equal to its recoverable amount.
- France: A decrease in the multiple of 54.7% would result in the carrying amount of the CGU being equal to its recoverable amount.

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16. Other intangible assets

	Customer relationships $'000	Development costs $'000	Brand names, trademarks and patents $'000	Assets in the course of construction $'000	Software $'000	Acquired customer relationships $'000	Acquired brand names, trademarks and patents $'000	Re-acquired rights $'000	Other acquired intangible assets $'000	Total $'000
Cost										
At 1 January 2019	8,749	3,981	424	9,503	5,789	203,018	37,173	69,635	37,302	375,574
Additions	10,475	1,130	347	7,167	1,579	-	-	-	-	20,698
Acquisitions	-	-	-	-	22	65,460	3,194	-	2,258	70,934
Exchange differences	(19)	-	(1)	548	145	456	207	(480)	2,425	3,281
At 31 December 2019	19,205	5,111	770	17,218	7,535	268,934	40,574	69,155	41,985	470,487
Additions	10,734	810	430	-	5,270	-	-	-	-	17,244
Acquisitions (note 30)	-	40	-	-	2	15,961	519	-	342	16,864
Reclassifications	-	-	-	(17,176)	17,176	-	-	-	-	-
Exchange differences	409	363	(15)	(42)	837	11,927	1,308	3,220	930	18,937
At 31 December 2020	30,348	6,324	1,185	-	30,820	296,822	42,401	72,375	43,257	523,532
Accumulated amortisation										
At 1 January 2019	378	1,646	159	-	2,964	50,785	12,278	21,513	15,544	105,267
Charge for the year	1,065	967	167	-	1,167	17,708	4,134	7,232	3,744	36,184
Exchange differences	25	1	1	-	120	115	112	739	62	1,175
At 31 December 2019	1,468	2,614	327	-	4,251	68,608	16,524	29,484	19,350	142,626
Charge for the year	1,558	920	184	-	1,976	20,604	3,999	7,327	4,000	40,568
Exchange differences	124	238	(24)	-	(212)	4,536	487	1,759	215	7,123
At 31 December 2020	3,150	3,772	487	-	6,015	93,748	21,010	38,570	23,565	190,317
Carrying amount										
At 31 December 2020	**27,198**	**2,552**	**698**	**-**	**24,805**	**203,074**	**21,391**	**33,805**	**19,692**	**333,215**
At 31 December 2019	17,737	2,497	443	17,218	3,284	200,326	24,050	39,671	22,635	327,861

Assets in the course of construction comprise the Group's global ERP solution referred to in the Strategic report. The asset is being amortised over a period of 10 years from the date that it was commissioned. Other intangibles include technology and non-compete agreements.

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Notes to the consolidated financial statements (continued)

17. Property, plant and equipment

	Rental commissions $000	Property and leasehold improvements $'000	Point-of-use dispensers $'000	Plant and machinery $'000	Fixtures, fittings and equipment $'000	Motor vehicles $'000	Assets in the course of construction $'000	Total $'000
Cost								
At 1 January 2019	9,360	2,292	148,146	11,614	8,679	5,157	-	185,248
Additions	5,208	516	45,135	2,132	2,617	877	1,806	58,291
Acquisitions	-	1,036	8,468	982	300	710	-	11,496
Disposals	(414)	-	(1,994)	(54)	(36)	(544)	-	(3,042)
Transferred to right-of-use assets	-	-	-	-	-	(3,324)	-	(3,324)
Reclassifications	-	(10)	771	(931)	157	13	-	-
Exchange differences	(42)	56	827	194	60	20	33	1,148
At 31 December 2019	14,112	3,890	201,353	13,937	11,777	2,909	1,839	249,817
Additions	4,520	716	35,982	1,420	3,257	536	180	46,611
Acquisitions (note 30)	-	34	1,227	617	37	200	-	2,115
Disposals	(861)	(74)	(7,103)	(135)	(592)	(1,649)	-	(10,414)
Reclassifications	-	335	(655)	543	(616)	1,106	(907)	(194)
Exchange differences	686	180	11,998	782	855	117	45	14,663
At 31 December 2020	18,457	5,081	242,802	17,164	14,718	3,219	1,157	302,598
Accumulated depreciation								
At 1 January 2019	3,045	715	58,837	5,071	4,413	2,447	-	74,528
Charge for the year	2,302	435	30,211	2,242	2,084	989	-	38,263
Eliminated on disposal	(414)	-	(1,325)	(34)	(29)	(372)	-	(2,174)
Transferred to right-of-use assets	-	-	-	-	-	(1,337)	-	(1,337)
Reclassifications	-	1	(290)	525	(151)	(85)	-	-
Exchange differences	(15)	19	295	106	55	4	-	464
At 31 December 2019	4,918	1,170	87,728	7,910	6,372	1,646	-	109,744
Charge for the year	3,085	677	35,525	2,452	2,389	668	-	44,796
Eliminated on disposal	(861)	(18)	(6,330)	(25)	(534)	(563)	-	(8,331)
Reclassifications	-	(2)	771	(1,078)	(105)	(416)	-	(830)
Exchange differences	307	78	6,120	481	516	69	-	7,571
At 31 December 2020	7,449	1,905	123,814	9,740	8,638	1,404	-	152,950
Carrying amount								
At 31 December 2020	**11,008**	**3,176**	**118,988**	**7,424**	**6,080**	**1,815**	**1,157**	**149,648**
At 31 December 2019	9,194	2,720	113,625	6,027	5,405	1,263	1,839	140,073

Notes to the consolidated financial statements (continued)

17. Property, plant and equipment

Assets in the course of construction comprise the Group's construction of a production plant in the USA. The asset will be depreciated over a period of between three and ten and years from the date that it is commissioned.

Right-of-use assets

	Property and leasehold improvements $'000	Plant and machinery $'000	Fixtures, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2019	-	-	-	-	-
Recognised on adoption of IFRS 16	20,897	61	221	8,832	30,011
Additions	11,976	96	8	5,902	17,982
Acquisitions (note 30)	1,997	-	-	419	2,416
Disposals	(1,004)	(12)	-	(684)	(1,700)
Transfers	-	-	-	3,324	3,324
Exchange differences	77	2	(5)	88	162
At 31 December 2019	33,943	147	224	17,881	52,195
Additions	7,528	37	131	6,366	14,062
Acquisitions (note 30)	213	-	-	445	658
Disposals	(2,762)	(1)	(10)	(3,204)	(5,977)
Reclassifications	(19)	-	-	(251)	(270)
Exchange differences	1,894	10	29	1,229	3,162
At 31 December 2020	40,797	193	374	22,466	63,830
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Charge for the year	6,192	51	76	4,658	10,977
Eliminated on disposal	(201)	(12)	-	(483)	(696)
Transfers	-	-	-	1,337	1,337
Exchange differences	71	1	-	60	132
At 31 December 2019	6,062	40	76	5,572	11,750
Charge for the year	7,450	58	80	6,058	13,646
Eliminated on disposal	(1,223)	(1)	(5)	(2,525)	(3,754)
Reclassifications	(10)	-	-	376	366
Exchange differences	633	6	14	657	1,310
At 31 December 2020	12,912	103	165	10,138	23,318
Carrying amount					
At 31 December 2020	**27,885**	**90**	**209**	**12,328**	**40,512**
At 31 December 2019	27,881	107	148	12,309	40,445

No freehold property was held by the Group as at 31 December 2020 (2019: $nil). The Group had no capital commitments at 31 December 2020 (2019: $nil).

Notes to the consolidated financial statements (continued)

18. Subsidiaries

The Group's subsidiary undertakings as at 31 December 2020 are listed below, including the name, country of incorporation and proportion of ownership interest.

Company name	Registered office	Principal activity	Class of shares	Ownership interest Direct %	Ownership interest Indirect %
Aguapura Aguaviva S.L	(a)	Distribution and service	Ordinary	-	**100%**
Andrew's Water Treatment Limited	(c)	Distribution and service	Ordinary	-	**100%**
Angel Springs Holdings Limited	(d)	Holding company	Ordinary	-	**100%**
Aqua Cure Limited	(c)	Distribution	Ordinary	-	**100%**
Aqua Cure (Scotland) Limited	(e)	Distribution and service	Ordinary	-	**100%**
Aquanor Holding AB (formerly Waterlogic Holding AB)	(r)	Holding company	Ordinary	-	**100%**
Aquarius X1 Limited	(d)	Distribution and service	Ordinary	-	**100%**
Billi Australia Pty Limited	(aa)	Distribution and service	Ordinary	-	**100%**
Billi Financial Services Pty Ltd	(aa)	Finance	Ordinary	-	**100%**
Billi R&D Pty Ltd	(aa)	Product development	Ordinary	-	**100%**
Billi UK LLP	(z)	Distribution and service	N/a	-	**100%**
Bronte Spring Water Limited	(d)	Dormant	Ordinary	-	**100%**
Bronte Water Coolers Limited	(d)	Distribution and service	Ordinary	-	**100%**
Cameron Water Limited	(ag)	Distribution and service	Ordinary	-	**100%**
Cariad Cool Water Limited	(d)	Distribution and service	Ordinary	-	**100%**
Embotelladora Perla Clara SpA	(ah)	Bottling, distribution and service	Ordinary	-	**100%**
Escowa AB	(h)	Distribution and service	Ordinary	-	**100%**
Fillongley Spring Water Limited	(i)	Bottling and distribution	Ordinary	-	**100%**
Fillongley Ventures Limited	(i)	Holding Company	Ordinary	-	**100%**
GLGB Limited	(ab)	Holding Company	Ordinary	-	**100%**
Hidrospot SAS	(ak)	Distribution and service	Ordinary	-	**100%**
Industrial Hot & Cold Limitada	(ah)	Fabrication facility	Ordinary	-	**100%**
Interiör Vatten Skåne AB	(ae)	Distribution and service	Ordinary	-	**100%**
Kingshill Mineral Water Limited	(ag)	Distribution and service	Ordinary	-	**100%**
Office Beverages Limited	(d)	Dormant	Ordinary	-	**100%**
Office Watercoolers (S.W.) Limited	(d)	Distribution and service	Ordinary	-	**100%**
Palmheath Investments Limited	(k)	Holding company	Ordinary	-	**100%**
Pelican Technical Solutions Limited	(c)	Dormant	Ordinary	-	**100%**
Prisma Water SpA	(ai)	Distribution and service	Ordinary	-	**100%**
Prisma Water Home SpA	(ai)	Distribution and service	Ordinary	-	**100%**
Puralia Systems SLU	(a)	Distribution and service	Ordinary	-	**100%**
Qingdao Waterlogic Manufacturing Co. Limited	(l)	Manufacturer	Ordinary	-	**100%**
Reservdelar i Sverige AB	(r)	Distribution	Ordinary	-	**100%**
Svensk Storköksservice AB	(r)	Distribution and service	Ordinary	-	**100%**

Notes to the consolidated financial statements (continued)

18. Subsidiaries (continued)

Company name	Registered office	Principal activity	Class of shares	Ownership interest Direct %	Ownership interest Indirect %
Thoreau International AB	(b)	Distribution and franchisor	Ordinary	-	**100%**
Tipperary Pure Irish Water (Sales) Unlimited Company	(aj)	Distribution and service	Ordinary	-	**100%**
Vattentornet Aqua Concilio AB	(b)	Distribution and service	Ordinary	-	**100%**
Watercompany BV	(m)	Distribution and service	Ordinary	-	**100%**
Watercompany Home Products BV	(m)	Distribution and service	Ordinary	-	**100%**
Watercompany International BV	(m)	Holding company	Ordinary	-	**100%**
Waterconcept AB	(b)	Distribution and service	Ordinary	-	**100%**
Waterfirst Queensland Pty Ltd	(n)	Dormant	Ordinary	-	**100%**
Waterlogic Americas LLC	(o)	Distribution and service	Preferred/ Ordinary	-	**100%**
Waterlogic Australia Holdings Pty Limited	(n)	Holding company	Ordinary	-	**100%**
Waterlogic Australia Pty Limited	(n)	Distribution and service	Ordinary	-	**100%**
Waterlogic Belgium BVBA	(f)	Distribution and service	Ordinary	-	**100%**
Waterlogic Canada Inc	(af)	Distribution and service	Ordinary	-	**100%**
Waterlogic Chile SPA	(ah)	Holding company	Ordinary	-	**100%**
Waterlogic Commercial Products LLC	(o)	Distribution	Ordinary	-	**100%**
Waterlogic CZ sro	(ac)	Distribution and service	Ordinary	-	**100%**
Waterlogic Danmark Aps (formerly Aqualine Aps)	(g)	Distribution and service	Ordinary	-	**100%**
Waterlogic Finance Limited	(p)	Finance	Ordinary	-	**100%**
Waterlogic Finance 2 Limited	(p)	Finance	Ordinary	-	**100%**
Waterlogic France SAS	(j)	Distribution and service	Ordinary	-	**100%**
Waterlogic GB Limited (formerly Angel Springs Limited)	(d)	Distribution and service	Ordinary	-	**100%**
Waterlogic GmbH	(q)	Distribution and service	Ordinary	-	**100%**
Waterlogic Holdings GmbH	(s)	Holding company	Ordinary	-	**100%**
Waterlogic Holdings Limited	(p)	Holding company	Ordinary	**100%**	-
Waterlogic Hydration Services Limited (formerly All Water Systems Limited)	(y)	Distribution	Ordinary	-	**100%**
Waterlogic International Limited	(t)	Holding company	Ordinary	-	**100%**
Waterlogic Limited	(u)	Holding company	Ordinary	-	**100%**
Waterlogic Magyarorszag Hungária Korlátolt Felelősségű Társaság	(ad)	Distribution and service	Ordinary	-	**100%**
Waterlogic Norge AS	(v)	Distribution and service	Ordinary	-	**100%**
Waterlogic Sverige AB	(r)	Distribution and service	Ordinary	-	**100%**
Waterlogic Tipperary Water Limited	(aj)	Holding company	Ordinary	-	**100%**
Waterlogic UK Limited	(d)	Holding company	Ordinary	-	**100%**
Waterlogic USA Finance Inc	(w)	Finance	Ordinary	-	**100%**

Notes to the consolidated financial statements (continued)

18. Subsidiaries (continued)

Company name	Registered office	Principal activity	Class of shares	Ownership interest Direct %	Ownership interest Indirect %
Waterlogic USA Holdings Inc	(x)	Holding company	Ordinary	-	**100%**
Waterlogic USA Inc	(x)	Holding and management service company	Ordinary	-	**100%**
WLI Trading Limited	(y)	Distribution	Ordinary	-	**100%**
WLI (UK) Limited	(p)	Service company	Ordinary	-	**100%**
Zeal Chile S.A.	(ah)	Distribution and service	Ordinary	-	**100%**

Registered office addresses:

(a) Calle Medea 4, 1º B 28037, Madrid, Spain
(b) Klangfärgsgatan 10, 42652 Västra Frölunda, Sweden
(c) Unit 3a and 3b Dakota Business Park, Dakota Way, Burscough, Lancashire, L40 8AF, United Kingdom
(d) Angel House, Shaw Road, Wolverhampton, WV10 9LE, United Kingdom
(e) Lawgrove Studio, Lawgrove Place, Inveralmond Industrial Estate, Perth, Perthshire, PH1 3XQ, United Kingdom
(f) Te 3000 Leuven, Engels Plein, 35 bus 0101,Belgium
(g) Lene Haus Vej 15, 7430 Ikast, Denmark
(h) Bergkällavägen 30, 192 79, Sollentuna, Sweden
(i) Tamworth Road, Fillongley, Coventry, CV7 8DZ, United Kingdom
(j) 8 Rue de Commandant d'Estienne d'Orves, Parc d'Activités des Chanteraines, 92390 Villeneuve La Garenne, France
(k) PO Box 362, Road Town, Tortola, VG1110 British Virgin Islands
(l) No.2, Hongxiang Three Road, Jinling Industrial Zone, Chengyang District, Qingdao, China
(m) De Gorzen 21, 4731 TV Oudenbosch, Netherlands
(n) 37 Sundercombe Street, Osborne Park, WA6017 Australia
(o) Capitol Services Inc, 1675 S State St Ste B, Dover, DE 19901 United States of America
(p) 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN, United Kingdom
(q) Eichenweg 8, 74321, Bietigheim-Bissengen, Germany
(r) Von Utfallsgatan 16 c, 415 05 Goteberg, Sweden
(s) Kleinsachsenheimer Str. 26, 74321 Bietigheim-Bissingen, Germany
(t) 308 East Bay Street, 4th floor, PO Box N7768, Nassau, The Bahamas
(u) 22 Grenville Street, St Helier, Jersey JE4 8PX Channel Islands
(v) Trollåsveien 34-36, 1414, Trollåsen, Norway
(w) 11710 Stonegate Circle, Omaha, NE 68164 United States of America
(x) 77 McCullough Drive, Ste. 9, Newcastle, DE 19720 United States of America
(y) Second Floor, Beacon Court, Sandyford, Dublin 18, Ireland
(z) Synergy House, Fakenham Road, Morton on the Hill, Norwich NR9 5SP, United Kingdom
(aa) 42 Lucknow Crescent, Thomastown, Victoria 3074, Australia
(ab) C/o Montacs Regus House, Herons Way, Chester Business Park, Chester, Cheshire, CH4 9QR, United Kingdom
(ac) Ke Slivenci 48, Lochkov, 154 00 Prague 5, Czech Republic
(ad) 1145 Budapest, Jávor utca 5/A., Hungary
(ae) AB Moranvagen 9, 18 640 Vallentuna, Sweden
(af) 4580 Eastgate Parkway, Unit 3, Mississauga, ON L4W 4KA, Canada
(ag) 9 Guthrie Street, Hamilton, ML3 6LD, Scotland
(ah) Isidora Goyenechea, Nro. 3120, Las Condes, Santiago, Chile
(ai) Valle Insigne 3259, Lo Barnecha, Santiago, Chile
(aj) Bulmers House, Keeper Road, Crumlin, Dublin 12, Ireland
(ak) Carrera 26 no. 70-64, Bogota, Colombia

All subsidiaries have co-terminus accounting periods at 31 December 2020.

Notes to the consolidated financial statements (continued)

18. Subsidiaries (continued)

Parent company guarantees

The following subsidiary companies are exempt from the requirements under the Companies Act 2006 relating to the audit of financial statements under section 479A of that Act. Waterlogic Group Holdings Limited has provided a parent company guarantee over the liabilities of each of these subsidiary companies, pursuant to section 479C of the Companies Act 2006.

Company name	Company number
Andrew's Water Treatment Limited	06772267
Angel Springs Holdings Limited	07617386
Aqua Cure Limited	06330499
Aqua Cure (Scotland) Limited	SC232827
Aquarius X1 Limited	04212212
Billi UK LLP	OC381177
Bronte Spring Water Limited	11769185
Bronte Water Coolers Limited	03338516
Cameron Water Limited	SC181505
Cariad Cool Water Limited	04186182
Fillongley Spring Water Limited	07555626
Fillongley Ventures Limited	07680170
GLGB Limited	08510820
Kingshill Mineral Water Limited	SC221124
Office Beverages Limited	09111912
Office Watercoolers (S.W.) Limited	04268234
Waterlogic Finance Limited	09899276
Waterlogic Finance 2 Limited	11415204
Waterlogic Holdings Limited	09297346
Waterlogic UK Limited	04832980
WLI (UK) Limited	04051205

19. Inventories

	2020 $'000	2019 $'000
POU machines and spares	**37,615**	39,645
Consumables	**3,353**	3,277
	40,968	42,922

20. Trade and other receivables

	2020 $'000	2019 $'000
Amounts due from customers	**73,882**	70,575
Allowance for expected credit losses	**(12,779)**	(5,594)
	61,103	64,981
Other debtors and prepayments	**12,686**	12,813
Trade and other receivables	**73,789**	77,794
Contract costs: sales commissions capitalised	**3,663**	2,801
Trade receivables, other receivables and contract costs	**77,452**	80,595

Trade receivables are valued at amortised cost. The average credit period offered on sales of goods during 2020 was 20 days (2019: 22 days). This reflects variations in credit terms offered by entities operating in different countries.

Notes to the consolidated financial statements (continued)

20. Trade and other receivables (continued)

Interest or fixed fee penalties for late payment are charged by some Group entities at rates applicable in the corresponding countries. Some jurisdictions operate a legally enforceable late payment penalty where applicable. The interest is typically charged monthly and ranges between 0.1 and 0.7 per cent per month (2019: between 0.1 and 1.3 per cent per month) on the outstanding balance. In some countries a fixed fee may be charged and this ranges between $14 and $49 (2019: between $9 and $45).

Allowances for expected credit losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience. Specific counterparty risk is also considered where an analysis of the counterparty's current and future financial position indicates a change in credit risk.

Trade receivables include amounts which are past due at the year-end but against which the Group has not recognised an allowance for expected credit losses in full. The Group retains title to all equipment supplied under rental agreements.

Trade receivables net of allowance for doubtful debts

	2020 $'000	2019 $'000
Gross value of unimpaired trade receivables	**63,028**	64,171
Gross value of impaired trade receivables	**10,854**	6,404
Gross value of trade receivables	**73,882**	70,575
Allowance for expected credit losses/allowance for doubtful debts	**(12,779)**	(5,594)
	61,103	64,981

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Ageing of receivables	**2020**			2019		
	Unimpaired $'000	**Impaired $'000**	**Total $'000**	Unimpaired $'000	Impaired $'000	Total $'000
Not overdue	**27,759**	**485**	**28,244**	29,003	915	29,918
Overdue between 0 to 30 days	**15,113**	**277**	**15,390**	14,883	1,011	15,894
Overdue between 31 to 60 days	**4,903**	**320**	**5,223**	6,421	339	6,760
Overdue between 61 to 90 days	**3,575**	**432**	**4,007**	3,432	385	3,817
Overdue more than 90 days	**11,678**	**9,340**	**21,018**	10,432	3,754	14,186
	63,028	**10,854**	**73,882**	64,171	6,404	70,575

The average age of unimpaired trade receivables is 44 days (2019: 37 days) and for impaired receivables is 275 days (2019: 289 days).

Movement in the allowance for expected credit losses	**2020 $'000**	2019 $'000
Balance at the beginning of the period	**(5,594)**	(3,968)
Impairment losses recognised	**(9,685)**	(3,453)
Amounts written off during the year as uncollectible	**2,336**	1,648
Reversal of impairment losses recognised on trade receivables	**699**	342
Amounts recovered during the year	**45**	(5)
Other movements	**27**	44
Foreign exchange translation gains and losses	**(607)**	(202)
Balance at the end of the period	**(12,779)**	(5,594)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the relevant year end. The concentration of credit risk is limited due to the customer base being large and diverse in terms of industry sector.

There are no expected credit losses in respect of (i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets; or (ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired). In some instances receivable balances that have been written off remain subject to enforcement activity.

Notes to the consolidated financial statements (continued)

20. Trade and other receivables (continued)

The Group generally retains a security interest in equipment as collateral for the amounts due and is contractually entitled to recover equipment supplied under rental agreements in the event of default by rental customers.

Contract costs: sales commissions capitalised

Contract costs comprise sales commissions earned by employees in relation to new and renewed service contracts with customers and are capitalised and amortised over the estimated useful life of the contract. The table below shows the movements during the period.

	Total $'000
At 1 January 2019	1,904
Commissions capitalised in the year	1,595
Amortisation	(680)
Exchange difference	(18)
At 31 December 2019	2,801
Commissions capitalised in the year	1,733
Amortisation	(979)
Exchange difference	108
At 31 December 2020	**3,663**

Of the carrying value at 31 December 2020, an amount of $1,225,000 (2019: $1,088,000) is expected to be amortised over the next twelve months. The remainder will be amortised over a period of between one and eight years.

21. Borrowings

	2020 $'000	2019 $'000
Secured borrowing at amortised cost		
Bank loans (net of unamortised finance fees)	**775,788**	616,725
Lease liabilities (note 24)	**42,419**	40,150
Unsecured borrowing at amortised cost		
Accrued interest due to parent undertaking	**22,586**	92,521
Loan from parent undertaking	**325,890**	202,218
	1,166,683	951,614
Amounts due for settlement within twelve months		
Bank borrowings (net of unamortised finance fees)	**367**	18,240
Lease liabilities (note 24)	**12,388**	10,894
	12,755	29,134
Amounts due for settlement after twelve months		
Bank borrowings (net of unamortised finance fees)	**775,421**	598,485
Accrued interest due to parent undertaking	**22,586**	92,521
Loan from parent undertaking	**325,890**	202,218
Bank and other borrowings due for settlement after twelve months	**1,123,897**	893,224
Lease liabilities	**30,031**	29,256
Amounts due for settlement after twelve months	**1,153,928**	922,480
Total borrowings	**1,166,683**	951,614

Notes to the consolidated financial statements (continued)

21. Borrowings (continued)

Analysis of borrowings by currency:

31 December 2020	US Dollars $'000	Australian Dollars $'000	Norwegian Krone $'000	Euros $'000	Swedish Krona $'000	GBP $'000	Other $'000	Total $'000
Bank loans (net of unamortised finance fees)	-	**65,938**	-	**592,823**	-	**116,624**	**403**	**775,788**
Accrued interest due to parent undertaking	-	-	-	**22,586**	-	-	-	**22,586**
Loan from parent undertaking	-	-	-	**325,890**	-	-	-	**325,890**
Lease liabilities (note 24)	**11,932**	**4,463**	**2,099**	**8,014**	**2,833**	**8,935**	**4,143**	**42,419**
	11,932	**70,401**	**2,099**	**949,313**	**2,833**	**125,559**	**4,546**	**1,166,683**

31 December 2019	US Dollars $'000	Australian Dollars $'000	Norwegian Krone $'000	Euros $'000	Swedish Krona $'000	GBP $'000	Other $'000	Total $'000
Bank loans (net of unamortised finance fees)	671	60,274	-	429,357	-	126,423	-	616,725
Accrued interest due to parent undertaking	-	-	-	92,521	-	-	-	92,521
Loan from parent undertaking	-	-	-	202,218	-	-	-	202,218
Lease liabilities (note 24)	12,850	2,787	2,354	7,950	2,186	9,389	2,634	40,150
	13,521	63,061	2,354	732,046	2,186	135,812	2,634	951,614

The other principal features of the Group's borrowings are as follows:

Fees charged on facilities are assessed on an annual basis with the majority of fees being paid on a quarterly or calendar year basis. Any fees are included in the determination of the effective interest rate and are charged to the Income Statement over the life of the facility, except where the Directors judge that the facility is unlikely to be used at which time the unamortised fees are immediately expensed through the Income Statement.

The loan from the parent undertaking bears interest at a fixed rate of and falls due for repayment in 2030.

At 31 December 2020 the Group had the following principal bank loans:

		Maturity date	Repayable	Rate	Carrying value 31 December 2020 $'000
Facility B EUR (TLB1)	(i)	14 March 2025	In full on maturity	EURIBOR + 3.75%	**251,425**
Facility B EUR (UF)	(ii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	**88,305**
Facility B EUR (UF)	(iii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	**132,458**
Facility B GBP (TLB2)	(iv)	14 March 2025	In full on maturity	LIBOR + 4.0%	**119,438**
Facility B AUD (TLB3A)	(v)	14 March 2025	In full on maturity	BBSY + 4.5%	**4,625**
Facility B AUD (TLB3B)	(vi)	14 March 2025	In full on maturity	BBSY + 4.5%	**62,899**
Facility B1 EUR (UF)	(vii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	**30,662**
Facility B1 EUR (UF)	(viii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	**104,250**
					794,062
Other bank borrowings					**374**
Accrued commitment fees					**24**
Unamortised finance fees					**(18,672)**
					775,788

Notes to the consolidated financial statements (continued)

21. Borrowings (continued)

See below for details of funding:

(i) A Euro denominated loan ('TLB1') which is held by Waterlogic Holdings GmbH and Waterlogic Finance Ltd (as borrowers) was drawn on 14 March 2018. The loan is repayable in full on the date of maturity, 14 March 2025. The Group hedges part of this loan for interest rate risk using an interest rate cap.

(ii) On 31 October 2018 a Euro denominated Uncommitted Facility (a "UF") was drawn by Waterlogic Finance Limited (as borrower), which then became fungible with the TLB1. The loan is repayable in full on the date of maturity, 14 March 2025.

(iii) On 31 July 2019 a Euro denominated Uncommitted Facility ("UF") was drawn by Waterlogic Finance Limited (as borrower), which has become fungible with the TLB1. The loan is repayable in full on the date of maturity, 14 March 2025.

(iv) A Pounds Sterling denominated loan ('TLB2') which is held by Waterlogic Finance Ltd (as borrower) was drawn on 14 March 2018. This loan is repayable in full on the date of maturity, 14 March 2025. Up until March 2019 the Group hedged a portion of this loan for interest rate risk using an interest rate swap, exchanging variable rate interest for fixed rate interest.

(v) An Australian Dollar denominated term loan ('TLB3A') which is held by Waterlogic Finance Ltd (as borrower) was drawn on 14 March 2018. This loan is repayable in full on the date of maturity, 14 March 2025. The Group hedges a portion of this loan for interest rate risk using an interest rate cap.

(vi) An Australian Dollar denominated term loan ('TLB3B') which is held by Waterlogic Australia Holdings Pty Ltd (as borrower) was drawn on 14 March 2018. This loan is repayable in full on the date of maturity, 14 March 2025. The Group hedges a portion of this loan for interest rate risk using an interest rate cap.

(vii) In March 2020 a Euro denominated Uncommitted Facility ("UF") was drawn by Waterlogic Finance Limited (as borrower), which has become fungible with the TLB1. The loan is repayable in full on the date of maturity, 14 March 2025.

(viii) In October 2020 a Euro denominated Uncommitted Facility ("UF") was drawn by Waterlogic Finance Limited (as borrower), which has become fungible with the TLB1. The loan is repayable in full on the date of maturity, 14 March 2025.

The Group had the following principal bank loans at 31 December 2019:

		Maturity date	Repayable	Rate	Carrying value 31 December 2019 $'000
Facility B EUR (TLB1)	(i)	14 March 2025	In full on maturity	EURIBOR + 3.75%	229,920
Facility B EUR (UF)	(ii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	80,753
Facility B EUR (UF)	(iii)	14 March 2025	In full on maturity	EURIBOR + 3.75%	121,129
Facility B GBP (TLB2)	(iv)	14 March 2025	In full on maturity	LIBOR + 4.0%	115,375
Facility B AUD (TLB3A)	(v)	14 March 2025	In full on maturity	BBSY + 4.5%	4,208
Facility B AUD (TLB3B)	(vi)	14 March 2025	In full on maturity	BBSY + 4.5%	57,230
Revolving credit facility		14 March 2025	In full on maturity	LIBOR + 3.0%	19,738
					628,353
Other bank borrowings					199
Accrued commitment fees					173
Unamortised finance fees					(12,000)
					616,725

At 31 December 2020 the bank loans were guaranteed by various entities within the Group, including the Company, Waterlogic Group Holdings Limited. The bank loans at 31 December 2020 were subject to a single covenant relating to Group leveraging.

Unamortised finance fees relate to amounts capitalised that were payable to professional advisers and lenders in relation to the loan facilities taken out during the period. These fees are being amortised on a straight line basis throughout the loan period.

Notes to the consolidated financial statements (continued)

21. Borrowings (continued)

The weighted average effective interest rates paid during the period were as follows:

	2020 %	2019 %
Bank loans	**3.85**	3.85
Related party loans	**10.20**	10.20

Related party loans are repayable on 28 April 2030. These loans comprise 10.2% fixed rate unsecured loan notes which were listed on the International Stock Exchange, Guernsey, on 5 November 2020. Interest is payable annually, and any unpaid interest will accrue on an annual non-compounding basis. The loan notes are held by several related parties including the parent undertaking, one minority owner with significant influence and other minority owners without significant influence.

There were no undrawn overdraft facilities at the period end. There have been no breaches of loan agreements during the period covered by the Financial Statements.

22. Derivative financial instruments

	Current		Non-current	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Derivative financial assets that are designated and effective as hedging instruments carried at fair value:				
– interest rate swaps	**-**	-	**-**	-
– foreign currency forward contracts	**434**	-	**-**	-
– interest rate cap	**-**	-	**-**	**2**
	434	-	**-**	**2**
Derivative financial liabilities that are designated and effective as hedging instruments carried at fair value:				
– interest rate swaps	**-**	-	**-**	-
– foreign currency forward contracts	**-**	(171)	**-**	-
	-	(171)	**-**	-

The Group has in place interest rate cap arrangements in relation to the TLB facilities. In March 2020 the AUD interest rate cap agreement in relation to the TLB3 loan matured.

The remaining interest rate caps have an average rate of 0.70%, net of margin (2019: 0.81%), and have a combined notional principal amount of $341,004,000 (2019: $289,953,000). A premium of $684,077 was paid for the caps in 2018. The caps have been designated as a cash flow hedge in accordance with IFRS 9. The purpose of the hedge was to impose a limit on the exposure on the variable interest borrowings.

During the year the Group entered into foreign currency forwards to sell USD and buy CNY. The average rate on the forwards in place at the end of the year was CNY6.97:$1 (2019: CNY6.84:$1). The forwards have been designated as a cash flow hedge in accordance with IFRS 9. The purpose of the hedges was to hedge a portion of the Group's exposure to CNY stock purchases.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group does not hedge 100% of its CNY purchases, therefore the hedged item is identified as a proportion of the purchases up to the notional amount of the foreign currency forwards. In the foreign currency forwards the hedged item is modelled by a "hypothetical derivative" to calculate the change in fair value of the hedged item. The hypothetical derivative is determined at inception such that it has the same principal terms as the designated hedged item. The forward rate of the hypothetical derivative is based on the prevailing market forward rates.

Sources of ineffectiveness in hedges of foreign currency purchases may arise if the timing of the forecast transaction changes from what was originally estimated, a change in the timing of the occurrence of the payment being hedged or if there are changes in the credit risk of both counterparties.

Notes to the consolidated financial statements (continued)

22. Derivative financial instruments (continued)

The Group enters into interest rate caps that have similar critical terms as the hedged item. The hedged item is modelled by a "hypothetical derivative" to calculate the change in fair value of the hedged item. The hypothetical derivative is determined at inception such that it has the same principal terms as the designated hedged cash flows . The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loan up to the notional amount of the cap.

Sources of hedge ineffectiveness on the caps may include credit risk of both counterparties under the cap ,a change in the timing of the occurrence of the cash flows being hedged and the hedged transactions being no longer highly probable, hence the notional of the hedging instrument being larger than the actual expected expense.

The cash flow hedges have been designated as effective since the date of inception. An amount of $277,116 (2019: $190,678) has been recognised in the income statement primarily relating to the release of the time value charge on the cash flow hedges in place during the year.

Further details of derivative financial instruments are provided in note 34.

23. Deferred tax

The following are the major deferred tax (liabilities) and assets recognised by the Group:

	Accelerated tax depreciation $'000	Intangibles recognised on acquisition $'000	Other temporary differences $'000	Unrelieved tax losses $'000	Total $'000
At 1 January 2019	(8,093)	(41,893)	5,442	8,736	(35,808)
Arising on acquisitions	(101)	(9,457)	-	-	(9,558)
Credit/(debit) to profit and loss	(3,101)	5,737	1,798	1,313	5,747
Debit to other comprehensive income	-	-	83	-	83
Foreign exchange gains/(losses)	18	111	(12)	(19)	98
At 1 January 2020	(11,277)	(45,502)	7,311	10,030	(39,438)
Arising on acquisitions	-	(2,888)	-	-	(2,888)
Credit/(debit) to profit and loss	(737)	4,695	(7,208)	6,081	2,831
Debit to other comprehensive income	-	-	(173)	-	(173)
Foreign exchange gains/(losses)	(703)	(3,035)	456	625	(2,657)
At 31 December 2020	**(12,717)**	**(46,730)**	**386**	**16,736**	**(42,325)**

Deferred tax assets and liabilities are off set where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after off set) for financial reporting purposes:

	2020 $'000	2019 $'000
Analysed as:		
Deferred tax assets	**1,994**	-
Deferred tax liabilities	**(44,319)**	(39,438)
Deferred tax liability – net	**(42,325)**	(39,438)

In addition to the above, at 31 December 2020 the Group had unrecognised deferred tax assets arising in relation to unused tax losses of $26,944,000 (2019: $25,018,000) and other timing differences of $464,000 (2019: $26,000) available for offset against future profits. Tax losses of $468,000 expire in 2021, $517,000 in 2022, $308,000 in 2023, $333,000 in 2024 and $120,000 in 2025. All other losses are available for use indefinitely. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be future taxable profits available in the relevant jurisdictions in the near future.

All unremitted earnings of overseas subsidiaries and joint ventures are continually reinvested by the Group. As no tax is expected to be payable on these earnings in the foreseeable future, no deferred tax liabilities are recorded in relation to them. Earnings which could be remitted on which there would be tax to pay total $34m (2019: $3m). The key factor driving the increase from the prior year is Brexit, as the EU Parent-Subsidiary directive no longer applies and as such the unremitted earnings of some subsidiaries previously excluded are now included.

24. Leases

The Group has leases for offices, manufacturing buildings and warehouses, plant and machinery, IT and other office equipment and motor vehicles. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 17).

Notes to the consolidated financial statements (continued)

24. Leases (continued)

	2020 $'000	2019 $'000
Maturity analysis:		
Year 1	**14,830**	12,479
Year 2	**11,133**	10,490
Year 3	**8,016**	7,519
Year 4	**5,449**	5,013
Year 5	**3,277**	3,059
Onwards	**5,869**	7,766
	48,574	46,326
Less: future interest	**(6,155)**	(6,176)
Lease liabilities	**42,419**	40,150

	2020 $'000	2019 $'000
Analysed as:		
Amounts due for settlement within twelve months (shown under current liabilities)	**12,388**	10,894
Amounts due for settlement after twelve months	**30,031**	29,256
	42,419	40,150

The average remaining lease term at 31 December 2020 was 3.4 years (2019: 4.5 years). For the year ended 31 December 2019, the average effective interest rate was 5.7 per cent (2019: 5.6 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. For lease liabilities recognised during the year an incremental borrowing rate of between 3.9% and 7.7% was used (2019: between 3.9% and 9.0%, including leases recognised on initial adoption of IFRS 16).

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expenses on a straight line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2020 $'000	2019 $'000
Short term leases	**307**	1,054
Leases of low value assets	**20**	31
	327	1,085

At 31 December 2020 the Group was committed to short term leases and the total commitment at that date was $78,000 (2019: $192,000).

The fair value of the Group's lease obligations is approximately equal to their carrying amount. The Group's obligations under leases previously classified as finance leases are secured by the lessors' rights over the leased assets disclosed in note 17.

25. Trade and other payables

	2020 $'000	2019 $'000
Trade creditors	**16,517**	24,776
Accruals	**15,355**	17,446
Other creditors	**35,404**	27,310
	67,276	69,532

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 88 days (2019: 122 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments. Other creditors include sales taxes, property taxes, social security, employment taxes due to local tax authorities and cash rebates due to customers.

Notes to the consolidated financial statements (continued)

25. Trade and other payables (continued)

The Directors consider that the carrying amount of trade payables approximates their fair value.

26. Provisions

	Warranty provision $'000	Statutory retirement scheme $'000	Dilapidation provision $'000	Environmental provision $'000	Other $'000	Total $'000
At 1 January 2019	2,808	200	566	371	1	3,946
Provisions in acquired entities	76	-	49	-	140	265
Change in provision	(58)	22	(543)	(92)	84	(587)
Exchange difference	32	(2)	3	10	-	43
At 31 December 2019	2,858	220	75	289	225	3,667
Provisions in acquired entities	-	-	29	-	307	336
Change in provision	(788)	85	524	222	(71)	(28)
Exchange difference	111	26	35	23	30	225
At 31 December 2020	**2,181**	**331**	**663**	**534**	**491**	**4,200**
Current	1,840	-	364	-	99	2,303
Non-current	341	331	299	534	392	1,897
At 31 December 2020	**2,181**	**331**	**663**	**534**	**491**	**4,200**

Warranty provision

The provision for warranty claims represents the Directors' best estimate for the future outflow of economic benefits required to meet Group obligations for warranty claims. These estimates also reflect local legislative regulations on the sale of goods. The warranty liability normally extends up to twelve months and the Directors believe the carrying values shown above approximate their fair value. The claim provision has been based on historical warranty trends, which may vary due to the use of new materials, changes in manufacturing processes or other developments that affect product quality.

Statutory retirement scheme

Employees of the Group's subsidiary in France are entitled to a state-managed retirement benefit scheme operated by the government. The subsidiary is required to provide a specified percentage of payroll costs which becomes payable where an employee reaches state retirement age if, and only if, the employee is in the employ of Waterlogic France at the qualifying date. The only obligation on the subsidiary, with respect to the retirement benefit scheme, is to make the specified contributions at that time. For this reason a provision is calculated at each year end based on the number of employed staff, their age and years of service and a probability that they will be employed by the subsidiary at the qualifying date. The qualifying payments are payable to the state by the subsidiary at the level specified under the terms of the scheme. The terms include an escalating entitlement dependent on age and years of service completed. The period of utilisation of the statutory retirement provision is dependent in part on the life expectancy of the retirees and cannot be reliably estimated.

Dilapidation provision

The dilapidation provision relates to contractual obligations in respect of certain leasehold properties. The provision is expected to be utilised between two and five years.

Environmental provision

The environmental provision relates to the Group's obligation under the Waste Electrical and Electronic Equipment ("WEEE") directive to provide for the decommissioning costs of disposal of the Group's water coolers in issue in EU countries at the balance sheet date. The environmental provision is expected to be utilised over a period from one to ten years.

Other provisions

Other provisions include: a lease restoration provision of $63,000 (2019: $138,000) in relation to the Group's obligations to restore leased assets to their original condition; a service backlog provision of $164,000 (2019: $nil); a vehicle repairs provision of $165,000 (2019: $nil). These provisions are expected to be utilised over a period from two to five years. Other provisions totalling $99,000 (2019: $87,000) are expected to be utilised within one year.

Notes to the consolidated financial statements (continued)

27. Issued share capital

	2020 $'000	2019 $'000
Issued and fully paid Ordinary shares of £1 each		
At start of year	**58,431**	58,431
Shares issued in the year	**3,329**	-
At end of year	**61,760**	58,431

Issue of new shares

On 28 April 2020 2,675,501 Ordinary shares were issued at par. No cash was received for the issue of these shares, as shareholder loans payable were reduced accordingly. No share premium arose in relation to this transaction. No further share transactions took place during 2020.

	2020 Number	2019 Number
Ordinary Shares in issue at par value	**43,035,890**	40,360,389

	Number
Share capital in issue at 1 January 2019	40,360,389
Shares issued in the year	-
Share capital in issue at 31 December 2019	40,360,389
Shares issued in the year	2,675,501
Share capital in issue at 31 December 2020	**43,035,890**

The Company has one class of Ordinary Shares, which carry no right to fixed income. There is no limit on the number of shares that the Company can issue.

28. Hedging and translation reserves

	Other capital reserves	Hedging reserve	Translation reserve
	$'000	$'000	$'000
Balance at 1 January 2019	152	(97)	27,299
Exchange differences on translating the net assets of foreign operations	-	-	(13,426)
Gain recognised on cash flow hedges	-	(207)	-
Balance at 31 December 2019	152	(304)	13,873
Exchange differences on translating the net assets of foreign operations	-	-	(11,968)
Gain recognised on cash flow hedges	-	629	-
Balance at 31 December 2020	**152**	**325**	**1,905**

Other capital reserves

The other capital reserve was generated in 2015 on the buy-out of a minority interest held in Aqua Cure Limited.

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit and loss only when the hedged transaction impacts the profit and loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's presentation currency, being US Dollars, are recognised directly in the translation reserve.

No gains or losses were transferred from equity into profit and loss during the period.

Notes to the consolidated financial statements (continued)

29. Retained earnings

	$'000
Balance at 1 January 2019	(183,768)
Net loss for the year – restated*	(29,810)
Other comprehensive income – restated*	-
Balance at 31 December 2019	(213,578)
Net loss for the year	(118,104)
Balance at 31 December 2020	**(331,682)**

* see note 37.

30. Acquisitions

Brontë Water Coolers Limited and Brontë Spring Water Limited

On 28 August 2020 the Group, through its subsidiary Waterlogic GB Limited, acquired 100% of the share capital of Brontë Water Coolers Limited and Brontë Spring Water Limited ("Brontë") for total consideration of $2.8 million. Bronte is a bottled water and POU business based in Huddersfield, West Yorkshire. The objective of the acquisition was to increase customer density within the existing UK market. The preliminary purchase price allocation is set out below.

	Fair value $'000
Net assets acquired:	
– property, plant and equipment	**267**
– trade receivables	**207**
– other monetary assets	**327**
– inventory	**35**
– monetary liabilities assumed	**(625)**
– net deferred tax liability	**(487)**
– intangible assets recognised	**2,447**
Total net assets acquired	**2,171**
Goodwill recognised	**633**
	2,804
Satisfied by:	
– cash consideration	**2,804**
	2,804
Net cash flow on acquisition:	
Cash consideration	**2,804**
Less: cash acquired	**(314)**
	2,490

Goodwill is an intangible asset that represents that portion of the entire business value that cannot be attributed to other income producing business assets, tangible or intangible. One of the drivers of goodwill is the assembled workforce. None of the goodwill recognised of $633,000 is tax deductible. Of the trade receivable purchased of $207,000, the gross contractual amount receivable is $222,000.

Intangible assets of $2,447,000 have been recognised comprising brand value and ongoing customer relationships that existed at the date of acquisition and are being amortised over periods of five and fifteen years respectively. A deferred tax liability has been recognised in respect of the intangible assets. The amortisation charges of the intangible assets will not be deductible for tax purposes.

Acquisition-related costs of $120,000 have been expensed and are included in administrative expenses as incurred. Brontë contributed $269,000 of revenue and $62,000 of operating profit to the Group's results for the period between the date of acquisition and the balance sheet date. Had the acquisition of Brontë occurred on 1 January 2020, Group revenue would have been approximately $633,000 higher and Group operating profit would have been approximately $129,000 higher.

Notes to the consolidated financial statements (continued)

30. Acquisitions (continued)

Tipperary Pure Irish Water (Sales) Unlimited Company

On 20 October 2020 the Group, through its subsidiary Waterlogic Hydration Services Limited and a newly formed subsidiary Waterlogic Tipperary Water Limited, acquired 100% of the share capital of Tipperary Pure Irish Water (Sales) Unlimited Company ("Tipperary") for total consideration of $12.5 million. Tipperary is a bottled water and POU business based in Tipperary, Ireland. The objective of the acquisition was to increase customer density within the existing Irish market. The preliminary purchase price allocation is set out below.

	Fair value $'000
Net assets acquired:	
– property, plant and equipment	**1,018**
– intangible assets	**40**
– right-of-use assets	**452**
– trade receivables	**322**
– other monetary assets	**681**
– inventory	**26**
– monetary liabilities assumed	**(1,963)**
– net deferred tax liability	**(1,117)**
– intangible assets recognised	**8,937**
Total net assets acquired	**8,396**
Goodwill recognised	**4,060**
	12,456
Satisfied by:	
– cash consideration	**8,531**
– contingent consideration	**3,925**
	12,456
Net cash flow on acquisition:	
Cash consideration	**8,531**
Less: cash acquired	**(566)**
	7,965

Goodwill is an intangible asset that represents that portion of the entire business value that cannot be attributed to other income producing business assets, tangible or intangible. One of the drivers of goodwill is the expected growth of the business from acquiring new customers. None of the goodwill recognised of $4,060,000 is tax deductible. Of the trade receivable purchased of $322,000, the gross contractual amount receivable is $646,000.

An intangible asset of $8,937,000 has been recognised comprising ongoing customer relationships that existed at the date of acquisition and is being amortised over a period of fifteen years. A deferred tax liability has been recognised in respect of the intangible assets. The amortisation charges of the intangible assets will not be deductible for tax purposes.

Acquisition-related costs of $604,000 have been expensed and are included in administrative expenses as incurred. Tipperary contributed $691,000 of revenue and $224,000 of operating profit to the Group's results for the period between the date of acquisition and the balance sheet date. Had the acquisition of Tipperary occurred on 1 January 2020, Group revenue would have been approximately $3,160,000 higher and Group operating profit would have been approximately $695,000 higher.

The contingent consideration arrangement requires the Group to pay up to $3.9m (€3.2m) depending on a number of uncertain future events.

Notes to the consolidated financial statements (continued)

30. Acquisitions (continued)

Hidrospot S.A.S.

On 30 November 2020 the Group, through its subsidiary Waterlogic Holdings Limited, acquired 100% of the share capital of Hidrospot S.A.S. ("Hidrospot") for total consideration of $4.3 million. Hidrospot is a POU business based in Colombia with approximately 4,000 Machines in Field. The objective of the acquisition was to provide an entry into a new territory. The preliminary purchase price allocation is set out below.

	Fair value $'000
Net assets acquired:	
– property, plant and equipment	**632**
– intangible assets	**2**
– trade receivables	**161**
– other monetary assets	**188**
– inventory	**89**
– monetary liabilities assumed	**(184)**
– net deferred tax liability	**(274)**
– intangible assets recognised	**905**
Total net assets acquired	**1,519**
Goodwill recognised	**2,759**
	4,278
Satisfied by:	
– cash consideration	**4,278**
	4,278
Net cash flow on acquisition:	
Cash consideration	**4,278**
Less: cash acquired	**(152)**
	4,126

Goodwill is an intangible asset that represents that portion of the entire business value that cannot be attributed to other income producing business assets, tangible or intangible. One of the drivers of goodwill is the availability of opportunities as a result of entering a new direct market. None of the goodwill recognised of $2,759,000 is tax deductible. Of the trade receivable purchased of $161,000, the gross contractual amount receivable is $180,000.

Intangible assets of $905,000 have been recognised comprising brand value and ongoing customer relationships that existed at the date of acquisition and are being amortised over periods of five and fifteen years respectively. A deferred tax liability has been recognised in respect of the intangible assets. The amortisation charges of the intangible assets will not be deductible for tax purposes.

Acquisition-related costs of $217,000 have been expensed and are included in administrative expenses as incurred. Hidrospot contributed $118,000 of revenue and $28,000 of operating profit to the Group's results for the period between the date of acquisition and the balance sheet date. Had the acquisition of Hidrospot occurred on 1 January 2020, Group revenue would have been approximately $929,000 higher and Group operating profit would have been approximately $181,000 higher.

Notes to the consolidated financial statements (continued)

30. Acquisitions (continued)

Vatternet Aqua Concilio AB, Thoreau International AB and Waterconcept AB

On 30 December 2020 the Group, through its subsidiary Aquanor Holding AB, acquired 100% of the share capital of Vatternet Aqua Concilio AB, Thoreau International AB and Waterconcept AB ("Thoreau") for total consideration of $3.9 million. Thoreau is a Swedish POU business with B2B and HoReCa elements, and is also a franchisor of an Horeca brand used in many other European countries. The objective of the acquisition was to increase customer density within the existing Swedish market. The preliminary purchase price allocation is set out below.

	Fair value $'000
Net assets acquired:	
– property, plant and equipment	**43**
– right-of-use assets	**206**
– trade receivables	**111**
– other monetary assets	**25**
– inventory	**236**
– monetary liabilities assumed	**(722)**
– net deferred tax liability	**(797)**
– intangible assets recognised	**3,868**
Total net assets acquired	**2,970**
Goodwill recognised	**902**
	3,872
Satisfied by:	
– cash consideration	**3,872**
	3,872
Net cash flow on acquisition:	
Cash consideration	**3,872**
Less: cash acquired	**(35)**
	3,837

Goodwill is an intangible asset that represents that portion of the entire business value that cannot be attributed to other income producing business assets, tangible or intangible. One of the drivers of goodwill is the assembled workforce. None of the goodwill recognised of $902,000 is tax deductible. Of the trade receivable purchased of $111,000, the gross contractual amount receivable is $136,000.

Intangible assets of $3,868,000 have been recognised comprising brand value and ongoing customer relationships that existed at the date of acquisition and are being amortised over a period of ten years. A deferred tax liability has been recognised in respect of the intangible assets. The amortisation charges of the intangible assets will not be deductible for tax purposes.

Acquisition-related costs of $189,000 have been expensed and are included in administrative expenses as incurred. Thoreau contributed $nil revenue and $nil operating profit to the Group's results for the period between the date of acquisition and the balance sheet date. Had the acquisition of Thoreau occurred on 1 January 2020, Group revenue would have been approximately $2,016,000 higher and Group operating profit would have been approximately $401,000 higher.

Notes to the consolidated financial statements (continued)

30. Acquisitions (continued)

Prisma Water SpA and Prisma Water Home SpA

On 31 December 2020 the Group, through its subsidiary Zeal Chile SpA, acquired 100% of the share capital of Prisma Water SpA and Prisma Water Home SpA ("Prisma") for total consideration of $1.6 million. Prisma is a POU machine provider based in Chile. The objective of the acquisition was to expand the customer base in Chile through entry into the HoReCa market. The preliminary purchase price allocation is set out below.

	Fair value $'000
Net assets acquired:	
– property, plant and equipment	**155**
– trade receivables	**31**
– other monetary assets	**50**
– inventory	**31**
– monetary liabilities assumed	**(305)**
– net deferred tax liability	**(213)**
– intangible assets recognised	**665**
Total net assets acquired	**414**
Goodwill recognised	**1,146**
	1,560
Satisfied by:	
– cash consideration	**1,560**
	1,560
Net cash flow on acquisition:	
Cash consideration	**1,560**
Less: cash acquired	**(7)**
	1,553

Goodwill is an intangible asset that represents that portion of the entire business value that cannot be attributed to other income producing business assets, tangible or intangible. One of the drivers of goodwill is the potential for future growth in a new HoReCa market in Latin America. None of the goodwill recognised of $1,146,000 is tax deductible. Of the trade receivable purchased of $31,000, the gross contractual amount receivable is $55,000.

Intangible assets of $ 664,000 have been recognised comprising brand value, non-compete agreements and ongoing customer relationships that existed at the date of acquisition and are being amortised over periods of ten, five and fifteen years respectively. A deferred tax liability has been recognised in respect of the intangible assets. The amortisation charges of the intangible assets will not be deductible for tax purposes.

Acquisition-related costs of $257,000 have been expensed and are included in administrative expenses as incurred. Prisma contributed $nil revenue and $nil operating profit to the Group's results for the period between the date of acquisition and the balance sheet date. Had the acquisition of Prisma occurred on 1 January 2020, Group revenue would have been approximately $129,000 higher and Group operating profit would have been approximately $125,000 lower.

Notes to the consolidated financial statements (continued)

31. Notes to the cash flow statement

	Year ended 31 December	
	2020 $'000	2019 $'000
Movements in working capital		
Decrease/(increase) in trade and other receivables	**9,735**	(9,484)
Decrease/(increase) in inventories	**5,459**	(6,013)
(Decrease)/increase in trade and other payables	**(8,465)**	12,678
(Decrease) in deferred revenue	**(766)**	(252)
Net effect of working capital movements	**5,963**	(3,071)
Net cash and cash equivalents		
Cash for restricted use	**3,925**	-
Cash	**80,168**	23,485
Cash and cash equivalents	**84,093**	23,485
Bank overdrafts	-	-
Net cash and cash equivalents	**84,093**	23,485

Cash comprises bank and cash balances, short-term bank deposits and money market funds with a weighted average maturity of three months or less. Cash for restricted use is cash held in escrow relating to expected future payments due in respect of acquisition activity undertaken in the current year. The carrying amount of these assets is approximately equal to their fair value.

Reconciliation of movements in net debt

	Bank Borrowings (net of prepaid fees) $'000	Loans from parent undertaking $'000	Accrued interest due to parent undertaking $'000	Finance leases $'000	Total borrowings $'000	Cash and cash equivalents $'000	Net debt $'000
Net debt at 1 January 2020:							
Due within twelve months	(18,240)	-	-	(10,894)	(29,134)	-	(29,134)
Due after more than twelve months	(598,485)	(202,218)	(92,521)	(29,256)	(922,480)	-	(922,480)
Cash and cash equivalents	-	-	-	-	-	23,485	23,485
At 1 January 2020	(616,725)	(202,218)	(92,521)	(40,150)	(951,614)	23,485	(928,129)
Cash flows	(98,352)	-	-	13,961	(84,391)	59,351	(25,040)
Non-cash flows	(73)	(99,347)	71,260	(13,736)	(41,896)	-	(41,896)
Foreign exchange gain/(loss)	(60,638)	(24,325)	(1,325)	(2,494)	(88,782)	1,257	(87,525)
Net debt at 31 December 2020:							
Due within twelve months	(367)	-	-	(12,388)	(12,755)	-	(12,755)
Due after more than twelve months	(775,421)	(325,890)	(22,586)	(30,031)	(1,153,928)	-	(1,153,928)
Cash and cash equivalents						84,093	84,093
At 31 December 2020	**(775,788)**	**(325,890)**	**(22,586)**	**(42,419)**	**(1,166,683)**	**84,093**	**(1,082,590)**

Notes to the consolidated financial statements (continued)

31. Notes to the cash flow statement (continued)

Reconciliation of movements in net debt (continued)

	Bank Borrowings (net of prepaid fees) $'000	Loans from parent undertaking $'000	Accrued interest due to parent undertaking $'000	Finance leases $'000	Total borrowings $'000	Cash and cash equivalents $'000	Net debt $'000
Net debt at 1 January 2019:							
Due within twelve months	-	-	-	(439)	(439)	-	(439)
Due after more than twelve months	(482,813)	(206,352)	(73,365)	(1,240)	(763,770)	-	(763,770)
Cash and cash equivalents	-	-	-	-	-	46,558	46,558
At 1 January 2019	(482,813)	(206,352)	(73,365)	(1,679)	(764,209)	46,558	(717,651)
Cash flows	(138,470)	-	-	12,008	(126,462)	(24,122)	(150,584)
Non-cash flows	-	-	(14,157)	(49,784)	(63,941)	-	(63,941)
Foreign exchange gain/(loss)	4,558	4,134	(4,999)	(695)	2,998	1,049	4,047
Net debt at 31 December 2019:							
Due within twelve months	(18,240)	-	-	(10,894)	(29,134)	-	(29,134)
Due after more than twelve months	(598,485)	(202,218)	(92,521)	(29,256)	(922,480)	-	(922,480)
Cash and cash equivalents	-	-	-	-	-	23,485	23,485
At 31 December 2019	(616,725)	(202,218)	(92,521)	(40,150)	(951,614)	23,485	(928,129)

32. Operating lease arrangements

The Group as lessor

	Year ended 31 December	
	2020 $'000	2019 $'000
Rental income under operating leases recognised in the year	**155,666**	140,075

At the balance sheet date, the Group had contracted with rental customers for the following future minimum lease payments:

	2020 $'000	2019 $'000
Within one year	**139,362**	126,551
In the second to fifth years inclusive	**130,911**	152,331
After five years	**914**	337
	271,187	279,219

The lessee does not have the option to buy the leased equipment at the end of the lease term, although this may be negotiated at the request of the lessee. Any renewal or extension of the lease term is normally subject to negotiation of a new rental agreement by both parties.

33. Retirement benefit schemes

Defined contribution schemes

The Group does not operate retirement benefit schemes for any employees.

Some subsidiaries within the Group make contributions based on annual salary to employees' private pension schemes or to statutory bodies, including the state-managed scheme operated by the French government, as set out in note 26. Other than amounts that are deducted from employees' remuneration and accrued pending payment to the pension fund or statutory body concerned, no further obligations fall on the Group as the assets of these arrangements are held and managed by third parties entirely separate from the Group. The amount charged for the year was $3,719,000 (2019: $3,744,000) and the balance outstanding as at 31 December 2020 was $86,000 (2019: $23,000).

Notes to the consolidated financial statements (continued)

34. Financial instruments

Capital management objectives

The Group manages its capital to ensure entities within the Group are able to continue operating on a going concern basis while maximising the return to stakeholders through optimising the balance between Group debt and equity. The Group's overall strategy has evolved in response to growth opportunities pursued both organically and through acquisition, as well as to the external financial environment and the availability of funding from external institutions.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 27 to 29.

The Group is not subject to any externally imposed capital requirements. The Group regularly reviews the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2020 $'000	2019 $'000
Financial assets		
At amortised cost:		
Cash and cash equivalents	**84,093**	23,485
Trade and other receivables	**78,721**	74,613
	162,814	98,098
At fair value:		
Derivative financial instruments in designated hedge accounting relationships	**434**	2
	163,248	98,100

	2020 $'000	2019 $'000
Financial liabilities		
At amortised cost:		
Borrowings	**1,124,264**	911,464
Lease liabilities	**42,419**	40,150
Trade and other payables	**67,275**	69,532
Other long-term obligations	**9**	8
Deferred consideration	**6,040**	3,066
	1,240,007	1,024,220
At fair value:		
Derivative financial instruments in designated hedge accounting relationships	**-**	171
	1,240,007	1,024,391

Notes to the consolidated financial statements (continued)

34. Financial instruments (continued)

Financial assets and liabilities in a designated hedging relationship

Further details of derivatives are provided in note 22.

Interest rate cap contracts

The following tables detail the notional principal amounts and remaining terms of interest rate cap contracts outstanding as at the reporting date:

Cash flow hedges

	Average contract fixed interest rate		Notional principal value		Fair value	
Outstanding interest rate caps	**2020 %**	2019 %	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
One to three months	**0.70%**	0.81%	341,004	289,953	-	2

The Group entered into the interest rate cap arrangements in relation to variable rate loans. The caps have been valued at no intrinsic value as at the year end as the forward curve for the relevant rates do not exceed the cap strike at any point in time over the life of the caps as at 31 December 2020. The floating reference rate for the caps denominated in Pounds Sterling is 3 months' LIBOR, on the caps denominated in Euros is 3 months' EURIBOR and on the cap denominated in Australian Dollars is 3 months' BBSW. The Group paid a premium of $684,077 for the caps in July 2018.

Financial risk management objectives

The Group's finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets and monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The financial risks considered include market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by policies approved by the Board of Directors, which provide written principles to guide the finance function in addressing all such risks, and the appropriate use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Further information about the nature of these risks and the mitigations in place are set out in the principal risks and uncertainties set out in the Strategic Report out on pages 1 to 9.

Foreign currency

The carrying amounts of the Group's currency denominated monetary assets and monetary liabilities at 31 December 2020 and 2019 were as follows:

	Liabilities		Assets	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
US Dollar	**(20,432)**	(60,541)	**29,385**	11,029
Euro	**(981,523)**	(705,476)	**21,163**	16,682
Swedish Krona	**(9,171)**	(6,192)	**5,160**	5,274
Norwegian Kroner	**(4,935)**	(5,428)	**7,690**	3,604
GB Pound Sterling	**(132,208)**	(166,270)	**68,203**	42,450
Australian Dollar	**(80,860)**	(70,867)	**19,199**	10,166
Other currencies	**(10,878)**	(9,617)	**12,448**	8,895
	(1,240,007)	(1,024,391)	**163,248**	98,100

Notes to the consolidated financial statements (continued)

34. Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuations in the Australian Dollar, the Norwegian Kroner, the Euro and Pounds Sterling.

The following table details the Group's sensitivity to a 10 per cent increase or decrease in the US Dollar against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Directors' assessment of a reasonably possible significant movement in foreign exchange rates over the near term (three to twelve months). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decline in profits and other equity where the US Dollar strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of the US Dollar against the relevant currency, there would be a comparable impact on the profit and other equity and the balances below would be positive.

	Impact on profit and loss		Impact on equity	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Profit/(loss)				
Australian Dollar impact[(i)]	**1,064**	806	**6,833**	5,154
Norwegian Kroner impact[(ii)]	**(209)**	201	**155**	(231)
Euro impact[(iii)]	**57,441**	40,186	**1,331**	4,099
Pounds Sterling impact[(iv)]	**34,243**	37,492	**(23,700)**	(18,430)

(i) This is mainly attributable to the exposure to outstanding Australian Dollar payables and borrowings at the balance sheet date.
(ii) This is mainly attributable to the exposure to outstanding Norwegian Kroner payables at the balance sheet date.
(iii) This is mainly attributable to the exposure on Euro borrowings and receivables at the balance sheet date.
(iv) This is mainly attributable to the exposure on Pounds Sterling payables at the balance sheet date.

***Foreign currency sensitivity analysis** (continued)*

In the opinion of the Directors, the sensitivity analysis above is unrepresentative of the inherent foreign currency risk as the year-end exposure calculated above reflects neither the foreign exchange gain/loss incurred on the translation of non-monetary assets and liabilities held within foreign operations, nor the foreign exchange exposure arising from foreign currency transactions during the period.

Interest rates

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the utilisation of interest rate caps. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year. A one per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Directors' assessment of the reasonably possible change in interest rates.

If interest rates had been one per cent higher and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease by $6,853,000 (2019: $4,899,000). If interest rates had been one per cent lower and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would increase by $167,000 (2019: increase by $1,638,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rates had been one per cent higher and all other variables were held constant, other comprehensive income would decrease by $72,000 (2019: $726,000). If interest rates had been one per cent lower and all other variables were held constant, other comprehensive income would increase by $73,000 (2019: $4,000).

Notes to the consolidated financial statements (continued)

34. Financial instruments (continued)

Credit risk

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are related entities. With the exception of cash deposits held by the Group's principal banker, concentration of credit risk relating to any single counterparty did not exceed 10 per cent of gross monetary assets (2019: 10 per cent).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are primarily banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount recorded for financial assets in the Financial Statements is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties. In addition, for contracted rental agreements, deposits or advances may be held to mitigate risk. The Group also holds legal recourse and can exercise its right to recover rental equipment from non-performing customers.

For trade receivables the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 20 includes further details on the loss allowance for trade receivables.

Liquidity and interest risk

The Group maintains committed credit facilities to ensure that it has sufficient liquidity to maintain its ongoing operations. The Group's banking facilities are provided by a syndicate of banks. As at 31 December 2020 the Group had $45.0 million (2019: $21.4 million) of unutilised multi-currency revolving credit. See note 21 for more detail.

The following table details the Group's remaining maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate yield curves at the balance sheet date.

Non-derivative financial liabilities	Weighted average effective interest rate %	Less than three months $'000	Three months to one year $'000	One to five years $'000	More than five years $'000	Total $'000
31 December 2020						
Trade and other payables	**0.0%**	**67,275**	**-**	**-**	**-**	**67,275**
Lease liabilities	**5.7%**	**3,867**	**10,963**	**27,875**	**5,869**	**48,574**
Variable rate instruments – bank borrowings	**3.9%**	**7,712**	**23,527**	**895,285**	**-**	**926,524**
Fixed rate instruments – parent company loans	**10.2%**	**-**	**-**	**-**	**658,571**	**658,571**
		78,854	**34,490**	**923,160**	**664,440**	**1,700,944**
31 December 2019						
Trade and other payables	0.0%	69,532	-	-	-	69,532
Lease liabilities	5.6%	2,931	9,548	26,081	7,766	46,326
Variable rate instruments – bank borrowings	3.8%	6,199	18,580	100,100	601,737	726,616
Fixed rate instruments – parent company loans	10.2%	-	-	-	402,107	402,107
		78,662	28,128	126,181	1,011,610	1,244,581

Notes to the consolidated financial statements (continued)

34. Financial instruments (continued)

The following table details the Group's expected maturity for its non-derivative financial assets as recognised at 31 December 2020 and 2019. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Non-derivative financial assets	Weighted average effective interest rate %	Less than one month $'000	One to three months $'000	Three months to one year $'000	One to five years $'000	More than five years $'000	Total $'000
31 December 2020							
Non-interest-bearing	**0.00%**	**116,233**	**-**	**-**	**-**	**-**	**116,233**
Variable interest rate instruments	**0.09%**	**47,015**	**-**	**-**	**-**	**-**	**47,015**
		163,248	**-**	**-**	**-**	**-**	**163,248**
31 December 2019							
Non-interest-bearing - restated	0.00%	93,590	-	-	-	-	93,590
Variable interest rate instruments	0.03%	4,510	-	-	-	-	4,510
		98,100	-	-	-	-	98,100

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the relevant year ends presented above.

The following table details the Group's liquidity analysis for its derivative financial liabilities. The table has been drawn up based on the undiscounted net cash inflows and outflows of derivative instruments that settle on a net basis, and the undiscounted gross outflows on those derivatives that require gross settlement.

When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date. There were no derivatives in a liability position as at 31 December 2020. The figures for 2019 were as follows:

	Less than one month $'000	One to three months $'000	Three months to one year $'000	One to five years $'000	Total $'000	Carrying value $'000
31 December 2019						
Gross settled:						
– foreign currency forward contracts						
Inflow	1,648	3,182	2,122	-	6,952	
Outflow	(1,715)	(3,250)	(2,143)	-	(7,108)	
	(67)	(68)	(21)	-	(156)	(171)

Financing facilities

	2020 $'000	2019 $'000
Loan facilities		
Committed loan facilities:		
– amount used – loan from parent undertaking (note 21)	**325,890**	202,218
– amount used – bank loans (note 21)	**775,788**	616,725
– amount unused	**45,011**	21,400
Total loan facilities	**1,146,689**	840,343

Notes to the consolidated financial statements (continued)

34. Financial instruments (continued)

Fair value of financial instruments carried at amortised cost

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes);
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate caps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. The grouping into Levels 1 to 3 is based on the degree to which their fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular the valuation techniques and inputs used). There are no significant unobservable inputs for any of the financial instruments shown in the table.

Financial assets/ financial liabilities	Fair value at year end 31 December 2020	31 December 2019	Fair value hierarchy	Valuation technique(s) and key inputs
	Assets:	Assets:	Level 2	***Interest rate swap and caps:*** Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties.
Interest rate swap	**$Nil**	$Nil		
Interest rate caps	**$Nil**	$2,000		
Foreign currency forward contracts	**$434,000**	$Nil		***Foreign currency forward contracts:*** Foreign currency forward contracts were valued using the mid point of the FX curve prevailing on the reporting date. The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted maturity dates.
	Liabilities:	Liabilities:	Level 2	***Foreign currency forward contracts:*** Foreign currency forward contracts were valued using the mid point of the FX curve prevailing on the reporting date. The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted maturity dates.
Foreign currency forward contracts	**$Nil**	$171,000		
Interest rate swaps	**$Nil**	$Nil		***Interest rate swaps:*** Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties.

35. Events after the balance sheet date

On 26 February 2021 Mercus Refreshment Services Inc ("Mercus"), a company incorporated in South Carolina, USA merged into Waterlogic Americas LLC for consideration of $7.3 million. Mercus is a leading provider of POU and Coffee machines in North and South Carolina, USA. Due to the short period of time which has elapsed since the acquisition, a reasonable estimate of the financial effects of this transaction cannot be made at the date of signing of these financial statements.

36. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Remuneration of key management personnel

The remuneration of the Senior Executive Management Committee members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 31 December 2020 $'000	2019 $'000
Short-term employee benefits	**2,286**	2,256
Post-employment benefits	**35**	47
	2,321	2,303

As part of the MIP, a related party, Firewall Investments S.A., offers the scheme participants a limited-recourse loan to purchase the shares which carries a market interest rate of 5% per annum. The loan value can be for part of the investment value only and is secured against the underlying shares purchased. The loans are repayable only on an exit of the ultimate controlling parties.

At 31 December 2020 the value of the outstanding loans held by the scheme participants was $4.5 million (31 December 2019: $5.8 million).

37. Restatement

Prior year comparatives have been restated to reclassify $7,831,000 from the statement of comprehensive income to administrative expenses within the consolidated income statement. These costs relate to corporate reorganisation.

	As previously stated $'000	Prior period adjustment $'000	As restated $'000
Administrative expenses	(197,621)	(7,831)	(205,452)
Corporate reorganisation costs	(6,229)	(7,831)	(14,060)
Operating profit	26,061	(7,831)	18,230
Loss before tax	(21,413)	(7,831)	(29,244)
Other comprehensive expense	(21,464)	7,831	(13,633)

38. Ultimate controlling party

The Company's immediate parent is Firewall Holding s.a.r.l., a company incorporated in Luxembourg. The ultimate controlling parties are EPIC Fund I SLP and EPIC Fund I Sidecar SLP, who hold the majority control. Waterlogic Group Holdings Limited is the largest group at which consolidated financial statements are available. The registered office of Waterlogic Group Holdings Limited is 1 Grenfell Road, Maidenhead, Berkshire, England, SL6 1HN.

Company financial statements

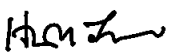
Company balance sheet

as at 31 December 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	C4	**37,090**	30,293
Loans and other receivables	C5	**238,746**	183,711
Total non-current assets		**275,836**	214,004
Current assets			
Trade and other receivables	C6	**16,603**	44,519
Cash and cash equivalents		**1**	24
Total current assets		**16,604**	44,543
Total assets		**292,440**	258,547
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	C9	**43,036**	40,360
Retained earnings		**(18,743)**	(12,530)
Total equity		**24,293**	27,830
Non-current liabilities			
Borrowings	C7	**255,292**	223,527
Total non-current liabilities		**255,292**	223,527
Current liabilities			
Trade and other payables	C8	**12,855**	7,190
Total current liabilities		**12,855**	7,190
Total liabilities		**268,147**	230,717
Total equity and liabilities		**292,440**	258,547

The Company's loss for the year was £6,213,000 (2019 (restated): loss £3,145,000) and other comprehensive loss for the year was £nil (2019 (restated – note C10): £nil).

The company Financial Statements were approved by the Board of Directors and authorised for issue on 29 April 2021 and were signed on its behalf by:



Huw Jenkins
Group Chief Financial Officer

Company number 09297208

Company statement of changes in equity

for the year ended 31 December 2020

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019		40,360	(9,385)	30,975
Loss for the year – restated*		-	(3,145)	(3,145)
Other comprehensive income for the year – restated*		-	-	-
Total comprehensive loss for the year		-	(3,145)	(3,145)
Balance at 31 December 2019		40,360	(12,530)	27,830
Loss for the year		-	(6,213)	(6,213)
Other comprehensive loss for the year		-	-	-
Total comprehensive loss for the year		-	(6,213)	(6,213)
Shares issued in the year	C9	2,676	-	2,676
Balance at 31 December 2020		**43,036**	**(18,743)**	**24,293**

* see note C10.

Notes to the company financial statements

for the year ended 31 December 2020

C1. General information

Waterlogic Group Holdings Limited ("the Company") is a limited company domiciled and incorporated in England and Wales under the registration number 09297208.

The address of its registered office and principal place of business is 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

The Company's principal activity is that of a holding company of the Group. The Group's principal activities are set out in the Strategic Report and Directors' Report on pages 1 to 12 of the consolidated Financial Statements.

The Company had no employees other than the Directors in the current and prior year.

C2. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Monetary amounts in these financial statements are presented in GBP which is the functional currency of the Company and are rounded to the nearest whole £1,000, except where otherwise indicated.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based payments';
- Section 33 'Related Party Disclosures' – Compensation for key management personnel; and
- Section 33 'Related Party Disclosures' – Transactions between wholly-owned subsidiaries of the Group.

These financial statements present information about the Company as an individual entity and not about its group. The above exemptions are taken on the basis that the Company is a qualifying entity included within the consolidated financial statements of its group and that the shareholders have not objected to these exemptions being applied. The financial statements of the Company are consolidated in the financial statements of the Group on pages 1 to 85.

As permitted by section 408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year was £6,213,000 (2019 (restated – note C10): loss £3,145,000) and other comprehensive loss for the year was £nil (2019 (restated – note C10): £nil).

Going concern

The Group's business activities and position in the market are described in the Strategic Report. The Directors believe that the Group is well placed to manage its business risks successfully. Accordingly, the Directors consider it appropriate to prepare the Financial Statements on a going concern basis. Further detail is contained in the Strategic Report on pages 1 to 9.

Foreign currencies

In preparing the Financial Statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing on the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal or partial disposal of the net investment.

Notes to the company financial statements (continued)

C2. Accounting Policies (continued)

Other income

Interest income
Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fixed asset investments
Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Investments in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Income Statement.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets
Financial assets are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables
Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Notes to the company financial statements (continued)

C2. Accounting Policies (continued)

Loans and receivables (continued)

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. The loans are non-interest bearing and repayable on demand.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the Income Statement as the ineffective hedged costs. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

C3. Critical accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the company financial statements (continued)

C3. Critical accounting judgements and sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no estimates or assumptions which had a significant risk of causing a material adjustment to the carrying amount of assets and liabilities for 2019 or 2020.

C4. Investments in subsidiary undertakings

	£'000
Balance at 1 January 2019	30,293
Investments in the year	-
Balance at 31 December 2019	30,293
Investments in the year	6,797
Balance at 31 December 2020	**37,090**

During the year the Company subscribed for one share in Waterlogic Holdings Limited for a total consideration of GBP 6,797,535 being the release of the obligation to repay part of outstanding interest in the amount of EUR 7,637,030.

Shares in subsidiary undertakings represent the Company's investment in the entities listed below. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the Company's subsidiaries at 31 December 2020 are set out below. The registered office addresses for these companies are provided in note 18 to the Group financial statements.

				Ownership interest	
Company name	Country of registration or incorporation	Principal activity	Class of shares	Direct %	Indirect %
Aguapura Aguaviva S.L	Spain	Distribution and service	Ordinary	-	**100%**
Andrew's Water Treatment Limited	England and Wales	Distribution and service	Ordinary	-	**100%**
Angel Springs Holdings Limited	England and Wales	Holding company	Ordinary	-	**100%**
Aqua Cure Limited	England and Wales	Distribution	Ordinary	-	**100%**
Aqua Cure (Scotland) Limited	Scotland	Distribution and service	Ordinary	-	**100%**
Aquanor Holding AB (formerly Waterlogic Holding AB)	Sweden	Holding company	Ordinary	-	**100%**
Aquarius X1 Limited	England and Wales	Distribution and service	Ordinary	-	**100%**
Billi Australia Pty Limited	Australia	Distribution and service	Ordinary	-	**100%**
Billi Financial Services Pty Ltd	Australia	Finance	Ordinary	-	**100%**
Billi R&D Pty Ltd	Australia	Product development	Ordinary	-	**100%**
Billi UK LLP	England and Wales	Distribution and service	N/a	-	**100%**
Bronte Spring Water Limited	England and Wales	Dormant	Ordinary	-	**100%**
Bronte Water Coolers Limited	England and Wales	Distribution and service	Ordinary	-	**100%**
Cameron Water Limited	Scotland	Distribution and service	Ordinary	-	**100%**
Cariad Cool Water Limited	England and Wales	Distribution and service	Ordinary	-	**100%**
Embotelladora Perla Clara SpA	Chile	Bottling, distribution and service	Ordinary	-	**100%**

Notes to the company financial statements (continued)

C4. Subsidiaries (continued)

Company name	Country of registration or incorporation	Principal activity	Class of shares	Ownership interest Direct %	Ownership interest Indirect %
Escowa AB	Sweden	Distribution and service	Ordinary	-	100%
Fillongley Spring Water Limited	England and Wales	Bottling and distribution	Ordinary	-	100%
Fillongley Ventures Limited	England and Wales	Holding Company	Ordinary	-	100%
GLGB Limited	England and Wales	Holding Company	Ordinary	-	100%
Hidrospot SAS	Colombia	Distribution and service	Ordinary	-	100%
Industrial Hot & Cold Limitada	Chile	Fabrication facility	Ordinary	-	100%
Interiör Vatten Skåne AB	Sweden	Distribution and service	Ordinary	-	100%
Kingshill Mineral Water Limited	Scotland	Distribution and service	Ordinary	-	100%
Office Beverages Limited	England and Wales	Dormant	Ordinary	-	100%
Office Watercoolers (S.W.) Limited	England and Wales	Distribution and service	Ordinary	-	100%
Palmheath Investments Limited	British Virgin Islands	Holding company	Ordinary	-	100%
Pelican Technical Solutions Limited	England and Wales	Dormant	Ordinary	-	100%
Prisma Water SpA	Chile	Distribution and service	Ordinary	-	100%
Prisma Water Home SpA	Chile	Distribution and service	Ordinary	-	100%
Puralia Systems SLU	Spain	Distribution and service	Ordinary	-	100%
Qingdao Waterlogic Manufacturing Co. Limited	People's Republic of China	Manufacturer	Ordinary	-	100%
Reservdelar i Sverige AB	Sweden	Distribution	Ordinary	-	100%
Svensk Storkökservice AB	Sweden	Distribution and service	Ordinary	-	100%
Thoreau International AB	Sweden	Distribution and franchisor	Ordinary	-	100%
Tipperary Pure Irish Water (Sales) Unlimited Company	Ireland	Distribution and service	Ordinary	-	100%
Vattentornet Aqua Concilio AB	Sweden	Distribution and service	Ordinary	-	100%
Watercompany BV	Netherlands	Distribution and service	Ordinary	-	100%
Watercompany Home Products BV	Netherlands	Distribution and service	Ordinary	-	100%
Watercompany International BV	Netherlands	Holding company	Ordinary	-	100%
Waterconcept AB	Sweden	Distribution and service	Ordinary	-	100%
Waterfirst Queensland Pty Ltd	Australia	Dormant	Ordinary	-	100%
Waterlogic Americas LLC	United States of America	Distribution and service	Preferred/ Ordinary	-	100%
Waterlogic Australia Holdings Pty Limited	Australia	Holding company	Ordinary	-	100%
Waterlogic Australia Pty Limited	Australia	Distribution and service	Ordinary	-	100%
Waterlogic Belgium BVBA	Belgium	Distribution and service	Ordinary	-	100%
Waterlogic Canada Inc	Canada	Distribution and service	Ordinary	-	100%
Waterlogic Chile SPA	Chile	Holding company	Ordinary	-	100%
Waterlogic Commercial Products LLC	United States of America	Distribution	Ordinary	-	100%
Waterlogic CZ sro	Czech Republic	Distribution and service	Ordinary	-	100%
Waterlogic Danmark Aps (formerly Aqualine Aps)	Denmark	Distribution and service	Ordinary	-	100%

Notes to the company financial statements (continued)

C4. Subsidiaries (continued)

Company name	Country of registration or incorporation	Principal activity	Class of shares	Ownership interest Direct %	Ownership interest Indirect %
Waterlogic Finance Limited	England and Wales	Finance	Ordinary	-	**100%**
Waterlogic Finance 2 Limited	England and Wales	Finance	Ordinary	-	**100%**
Waterlogic France SAS	France	Distribution and service	Ordinary	-	**100%**
Waterlogic GB Limited (formerly Angel Springs Limited)	England and Wales	Distribution and service	Ordinary	-	**100%**
Waterlogic GmbH	Germany	Distribution and service	Ordinary	-	**100%**
Waterlogic Holdings GmbH	Germany	Holding company	Ordinary	-	**100%**
Waterlogic Holdings Limited	England and Wales	Holding company	Ordinary	**100%**	-
Waterlogic Hydration Services Limited (formerly All Water Systems Limited)	Ireland	Distribution and service	Ordinary	-	**100%**
Waterlogic International Limited	Bahamas	Holding company	Ordinary	-	**100%**
Waterlogic Limited	Jersey	Holding company	Ordinary	-	**100%**
Waterlogic Magyarorszag Hungária Korlátolt Felelősségű Társaság	Hungary	Distribution and service	Ordinary	-	**100%**
Waterlogic Norge AS	Norway	Distribution and service	Ordinary	-	**100%**
Waterlogic Sverige AB	Sweden	Distribution and service	Ordinary	-	**100%**
Waterlogic Tipperary Water Limited	Ireland	Holding company	Ordinary	-	**100%**
Waterlogic UK Limited	England and Wales	Holding company	Ordinary	-	**100%**
Waterlogic USA Finance Inc	United States of America	Finance	Ordinary	-	**100%**
Waterlogic USA Holdings Inc	United States of America	Holding company	Ordinary	-	**100%**
Waterlogic USA Inc	United States of America	Holding and management service company	Ordinary	-	**100%**
WLI Trading Limited	Ireland	Distribution	Ordinary	-	**100%**
WLI (UK) Limited	England and Wales	Service company	Ordinary	-	**100%**
Zeal Chile S.A.	Chile	Distribution and service	Ordinary	-	**100%**

Notes to the company financial statements (continued)

C4. Subsidiaries (continued)

Parent company guarantees

The following subsidiary companies are exempt from the requirements under the Companies Act 2006 relating to the audit of financial statements under section 479A of that Act. Waterlogic Group Holdings Limited has provided a parent company guarantee over the liabilities of each of these subsidiary companies, pursuant to section 479C of the Companies Act 2006.

Company name	Company number
Andrew's Water Treatment Limited	06772267
Angel Springs Holdings Limited	07617386
Aqua Cure Limited	06330499
Aqua Cure (Scotland) Limited	SC232827
Aquarius X1 Limited	04212212
Billi UK LLP	OC381177
Bronte Spring Water Limited	11769185
Bronte Water Coolers Limited	03338516
Cameron Water Limited	SC181505
Cariad Cool Water Limited	04186182
Fillongley Spring Water Limited	07555626
Fillongley Ventures Limited	07680170
GLGB Limited	08510820
Kingshill Mineral Water Limited	SC221124
Office Beverages Limited	09111912
Office Watercoolers (S.W.) Limited	04268234
Waterlogic Finance Limited	09899276
Waterlogic Finance 2 Limited	11415204
Waterlogic Holdings Limited	09297346
Waterlogic UK Limited	04832980
WLI (UK) Limited	04051205

C5. Non-current assets: loans and other receivables

	2020 £'000	2019 £'000
Loans to subsidiary undertakings	**238,746**	183,711

C6. Trade and other receivables

	2020 £'000	2019 £'000
Accrued interest due from Group undertakings	**16,517**	44,284
Other amounts receivable from Group companies	**22**	207
Other receivables	**64**	28
Amounts owed by Group companies	**16,603**	44,519

Loans to Group companies attract interest at fixed rates of between 10.0% and 10.2% per annum, are unsecured and fall due for repayment in 2044. Interest is not compounded on accrued interest.

Notes to the company financial statements (continued)

C7. Borrowings

	2020 £'000	2019 £'000
Secured borrowing at amortised cost		
Accrued interest due to parent undertaking	**16,546**	70,167
Loan from parent undertaking	**238,746**	153,360
	255,292	223,527
Amounts due for settlement after twelve months		
Accrued interest due to parent undertaking	**16,546**	70,167
Loan from parent undertaking	**238,746**	153,360
	255,292	223,527

All borrowings and accrued interest are denominated in Euros (2019: Euros). The loan from the parent undertaking and associated accrued interest are repayable after more than five years.

Fees charged on facilities are assessed on an annual basis with the majority of fees being paid on a quarterly or calendar year basis. Any fees are included in the determination of the effective interest rate and are charged to the Income Statement over the life of the facility, except where the Directors judge that the facility is unlikely to be used at which time the unamortised fees are immediately expensed through the Income Statement.

The weighted average effective interest rates paid during the year:

	2020 %	2019 %
Related party loans	**10.2**	10.2

Related party loans are repayable on 28 April 2030. These loans comprise 10.2% fixed rate unsecured loan notes which were listed on the International Stock Exchange, Guernsey, on 5 November 2020. Interest is payable annually, and any unpaid interest will accrue on an annual non-compounding basis. The loan notes are held by several related parties including the parent undertaking, one minority owner with significant influence and other minority owners without significant influence.

There have been no breaches of loan agreements during the period covered by the Financial Statements.

Notes to the company financial statements (continued)

C8. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	**886**	458
Amounts owed to group undertakings	**11,875**	3,285
Accruals	**94**	3,447
	12,855	7,190

C9. Share capital and reserves

Share capital

	2020 £'000	2019 £'000
Allotted, issued and fully paid Ordinary shares of £1 each	**43,036**	40,360

Issue of new shares

On 28 April 2020 2,675,501 Ordinary shares were issued at par. No share premium arose in relation to this transaction. No further share transactions took place during 2020.

	Number
Share capital in issue at 1 January 2019	40,360,389
Shares issued in the year	-
Share capital in issue at 31 December 2019	40,360,389
Shares issued in the year	2,675,501
Share capital in issue at 31 December 2020	**43,035,890**

The Company has one class of Ordinary Shares, which carry no right to fixed income. There is no limit on the number of shares that the Company can issue.

Reserves

The Company's reserves represent the following:

Retained earnings

Retained earnings represent the cumulative profit and loss, net of distributions to owners.

Share based payments

Some eligible senior employees (the 'employees') participate in a Management Incentive Programme scheme (MIP), whereby they paid full market value for shares in a non-Group MIP entity, granted to them under the MIP. As the employees paid full market value for the shares there is no benefit to the employees as a result of the issue of the MIP shares to them. Accordingly, no share-based payment charge is recognised in the Group financial statements for the granting of the MIP shares to the employees.

Under the MIP, the employees were able to receive a non-Group funded loan to fund between 0% and 100% of the full market value for the shares granted to them under the MIP. As the loans were issued to the employees on market terms and bear interest at 5% there is no benefit arising from this aspect of the loans. There is a potential benefit to the employees if, on the eventual sale of the Group, the total sale proceeds of the MIP shares purchased fall below the loan value plus accrued interest. In this event the recourse to the employees for repayment of the loans is limited to the value of the proceeds received by the employees upon the eventual sale of the shares. Due to the low probability that the circumstances necessary to crystallise this benefit would occur, the potential share based payment charge to the Group is considered to be not material and no charge has therefore been reflected in the financial statements.

Notes to the company financial statements (continued)

C10. Restatement

Prior year comparatives have been restated to reclassify £5,939,000 from the statement of comprehensive income to administrative expenses within the consolidated income statement. These costs relate to corporate reorganisation.

	As previously stated £'000	Prior period adjustment £'000	As restated £'000
Profit/(loss) for the year	2,794	(5,939)	(3,145)
Other comprehensive income	(5,939)	5,939	-

C11. Ultimate controlling party

The Company's immediate parent is Firewall Holding s.a.r.l., a company incorporated in Luxembourg. The ultimate controlling parties are EPIC Fund I SLP and EPIC Fund I Sidecar SLP, who hold the majority control. Waterlogic Group Holdings Limited is the largest group at which consolidated financial statements are available. The registered office of Waterlogic Group Holdings Limited is 1 Grenfell Road, Maidenhead, Berkshire SL6 1HN.