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**Utopia Group Limited**

Directors' report and financial  
statements

Registered number 05479695

For the year ended 30 June 2011



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2011

### Principal activity

The principal activity of the company in the year under review was that of an intermediate holding company

### Results and dividends

The loss for the financial year is £845,903 (2010 profit £243,549)

No dividends were paid or proposed during the year ended 30 June 2011 (2010 £Nil)

### Key performance indicators (KPIs)

Given the straightforward nature of the business as a holding company, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### Financial risk management

The directors have not disclosed the company's financial risk management objectives and policies nor the company's exposure to price risk, credit risk, liquidity risk and cash flow risk, as given the current status of the company, such information is not considered material for the assessment of the company's assets, liabilities and financial position at the end of the financial year

### Directors

The directors who held office during the year were as follows

|           |                               |
|-----------|-------------------------------|
| H Clark   |                               |
| E Green   | (resigned 30 June 2011)       |
| J Brooke  | (resigned 6 August 2011)      |
| M Bailey  |                               |
| S Russell | (appointed 28 September 2011) |
| M Oldham  | (appointed 28 September 2011) |

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

### Directors' liability

The company maintains an appropriate level of directors' insurance whereby directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act. The directors also benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

**Directors' report** *(continued)*

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

On behalf of the board

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

**S Russell**  
*Director*

Utopia House  
Springvale Avenue  
Springvale Business Park  
Bilston  
Wolverhampton  
WV14 0QL

24 October 2011

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of Utopia Group Limited**

We have audited the financial statements of Utopia Group Limited for the year ended 30 June 2011 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Utopia Group Limited** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



**SJ Purkess (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit LLP, Statutory Auditor**  
*Chartered Accountants*

24 October 2011

**Profit and loss account**  
*for the year ended 30 June 2011*

|   | <i>Note</i> | <b>2011</b><br>£        | 2010<br>£             |
|---|-------------|-------------------------|-----------------------|
| Administrative expenses                                     |             | <u>(845,903)</u>        | <u>243,549</u>        |
| <b>(Loss)/profit on ordinary activities before taxation</b> | 2           | <b>(845,903)</b>        | <b>243,549</b>        |
| Tax on (loss)/profit on ordinary activities                 | 3           | <u>-</u>                | <u>-</u>              |
| <b>(Loss)/profit for the financial year</b>                 | 8,10        | <b><u>(845,903)</u></b> | <b><u>243,549</u></b> |

All activities relate to continuing operations for both financial years

There are no material differences between the (loss)/profit as shown in the profit and loss account above and their historical cost equivalents

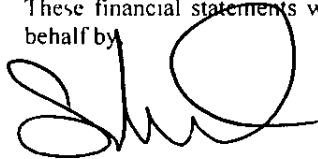
The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented



**Balance sheet**  
*at 30 June 2011*

|   | <i>Note</i> | 2011<br>£        | £                | 2010<br>£        | £                |
|---|-------------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>   |             |                  |                  |                  |                  |
| Investments   | 4           |                  | -                |                  | -                |
| <b>Current assets</b>   |             |                  |                  |                  |                  |
| Debtors   | 5           | 4,368,598        |                  | 4,863,598        |                  |
| Cash at bank and in hand                                      |             | 24,862           |                  | 94,698           |                  |
|   |             | <u>4,393,460</u> |                  | <u>4,938,296</u> |                  |
| <b>Creditors</b> Amounts falling due within one year          | 6           | (3,338,917)      |                  | (3,037,850)      |                  |
| <b>Net current assets</b>                                     |             |                  | <u>1,054,543</u> |                  | <u>1,900,446</u> |
| <b>Total assets less current liabilities being net assets</b> |             |                  | <u>1,054,543</u> |                  | <u>1,900,446</u> |
| <b>Capital and reserves</b>                                   |             |                  |                  |                  |                  |
| Called up share capital                                       | 7           | 938,407          |                  | 938,407          |                  |
| Share premium   | 8           | 236,587          |                  | 236,587          |                  |
| Profit and loss reserve                                       | 8           | (120,451)        |                  | 725,452          |                  |
| <b>Total shareholder's funds</b>                              | 10          |                  | <u>1,054,543</u> |                  | <u>1,900,446</u> |

These financial statements were approved by the board of directors on 24 October 2011 and were signed on its behalf by



**S Russell**  
*Director*

Company number 05479695

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### *Going concern*

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the directors' report

The directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### *Consolidation*

These financial statements contain information about Utopia Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is included within the group financial statements of Utopia Bathroom Group Limited (see note 12)

#### *Investments*

Investments are stated at cost less any provision for impairment

#### *Taxation*

UK corporation tax is provided at amounts expected to be paid using tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 and is measured on a non-discounted basis

**Notes (continued)**

**2 (Loss)/profit on ordinary activities before taxation**

|  | 2011     | 2010      |
|--|----------|-----------|
|  | £        | £         |
| <i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i> |          |           |
| Surrender of lease   | -        | (385,900) |
| Impairment of investments  | -        | 80,000    |
| Impairment of loan notes   | -        | 60,000    |
| Write off balance no longer due  |          |           |
| To fellow group company  | (21,314) | -         |
| From fellow group company  | 867,153  | -         |
|  | -        | -         |

The directors are also directors of Utopia Bathroom Group Limited and their emoluments are included in the financial statements of that company (see note 12). The remuneration of the directors is paid by the controlling parties and their services to the company are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties. The controlling parties charged £Nil (2010 Nil) to the company in respect of their services.

The company had no employees, other than the directors, in either the current or prior year.

The auditor's remuneration has been borne by an associated group company for both the current and prior year and not recharged.

**3 Taxation**

*Analysis of charge in year*

|   | 2011 | 2010 |
|---|------|------|
|   | £    | £    |
| <i>Current tax</i>                          |      |      |
| UK corporation tax                          | -    | -    |
|   | -    | -    |
| Tax on (loss)/profit on ordinary activities | -    | -    |
|   | -    | -    |

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2010 lower) than the standard rate of corporation tax in the UK of 27.5% (2010 28%). The differences are explained below.

|   | 2011      | 2010      |
|---|-----------|-----------|
|   | £         | £         |
| <i>Current tax reconciliation</i>               |           |           |
| (Loss)/profit on ordinary activities before tax | (845,903) | 243,549   |
|   | (845,903) | 243,549   |
| Current tax at 27.5% (2010 28%)                 | (232,623) | 68,194    |
| <i>Effects of</i>                               |           |           |
| Expenses not deductible for tax purposes        | -         | 39,200    |
| Non-taxable capital gains/profit                | -         | (108,052) |
| Increase in losses carried forward              | -         | 658       |
| Waiver of intercompany debt                     | 232,606   | -         |
| Group relief surrendered                        | 345       | -         |
| Capital allowances in excess of depreciation    | (328)     | -         |
|   | -         | -         |
| Total current tax charge (see above)            | -         | -         |
|   | -         | -         |

**Notes** (continued)

**3 Taxation** (continued)

*Factors that may affect future current and total tax charges*

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly.

**4 Fixed asset investments**

|                                  | <b>Shares in<br/>group<br/>undertakings<br/>£</b> |
|----------------------------------|---|
| <i>Cost</i>                      |   |
| At beginning and end of year     | 3 739 695   |
|                                  | <hr style="border-top: 1px solid black;"/>        |
| <i>Provisions</i>                |   |
| At beginning and end of year     | 3 739 695   |
|                                  | <hr style="border-top: 1px solid black;"/>        |
| <i>Net book value</i>            |   |
| At 30 June 2010 and 30 June 2011 | -   |
|                                  | <hr style="border-top: 1px solid black;"/>        |

The company's investments in the share capital of subsidiary undertakings at the balance sheet date include the following:

|                                    | Principal activity                 | Country of incorporation | Equity shareholding          |
|------------------------------------|------------------------------------|--------------------------|------------------------------|
| Utopia Furniture Limited           | Manufacturer of bathroom furniture | England and Wales        | 100% direct                  |
| Dominion Plumbing Supplies Limited | Dormant                            | England and Wales        | 100% direct                  |
| Utopia Bathrooms Limited           | Dormant                            | England and Wales        | 100% direct                  |
| Barrhead International Limited     | Holding company                    | Scotland                 | 100% direct                  |
| Barrhead Sanitary Ware Limited     | Dormant                            | Scotland                 | 53.2% direct<br>45% indirect |
| Kidsville Limited                  | Dormant                            | England and Wales        | 100% direct                  |

*Deferred tax asset*

The unrecognised deferred tax asset as at 30 June 2011 comprises:

|                                | 2011<br>£                                  | 2010<br>£                                  |
|--------------------------------|--|--|
| Accelerated capital allowances | 1,236                                      | 1 664                                      |
| Short term timing differences  | 2,299                                      | 2 476                                      |
|                                | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
|                                | <b>3,535</b>                               | <b>4 140</b>                               |
|                                | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |

The deferred tax asset is not recognised on the basis that its recoverability cannot be accurately foreseen in the short term future.

**Notes** (continued)

**5 Debtors**

|                                    | 2011<br>£                   | 2010<br>£                   |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed by group undertakings | 4,368,598                   | 4,843,598                   |
|                                    | <u>                    </u> | <u>                    </u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

**6 Creditors: Amounts falling due within one year**

|                                    | 2011<br>£                   | 2010<br>£                   |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed to group undertakings | 3,338,917                   | 2,968,025                   |
| Social security and other taxes    | -                           | 69,825                      |
|                                    | <u>                    </u> | <u>                    </u> |
|                                    | <u>3,338,917</u>            | <u>3,037,850</u>            |

Amounts owed to group undertakings are interest free, unsecured and repayable on demand

**7 Called up share capital**

|  | 2011<br>£                   | 2010<br>£                   |
|--|-----------------------------|-----------------------------|
| <i>Allotted, issued and fully paid</i> |                             |                             |
| 938,407 Ordinary shares of £1 each     | 938,407                     | 938,407                     |
|  | <u>                    </u> | <u>                    </u> |

**8 Reserves**

|                             | Share<br>premium<br>account<br>£ | Profit and<br>loss reserve<br>£ |
|-----------------------------|----------------------------------|---------------------------------|
| At beginning of year        | 236,587                          | 725,452                         |
| Loss for the financial year | -                                | (845,903)                       |
|                             | <u>                    </u>      | <u>                    </u>     |
| <b>At end of year</b>       | <u>236,587</u>                   | <u>(120,451)</u>                |

**9 Capital commitments**

The company has no capital commitments at 30 June 2011 (2010 £Nil)

**Notes** *(continued)*

**10 Reconciliation of movements in total shareholder's funds**

|                             | 2011<br>£                  | 2010<br>£                  |
|-----------------------------|----------------------------|----------------------------|
| Loss for the financial year | (845,903)                  | 243,549                    |
| Opening shareholder's funds | 1,900,446                  | 1,656,897                  |
|                             | <hr style="width: 100%;"/> | <hr style="width: 100%;"/> |
| Closing shareholder's funds | 1,054,543                  | 1,900,446                  |
|                             | <hr style="width: 100%;"/> | <hr style="width: 100%;"/> |

**11 Related party transactions**

The company has taken advantage of the exemption allowed by Financial Reporting Standards No 8 "Related party disclosures" not to disclose transactions with other group undertakings. Barrhead Sanitary Ware Limited is not covered by this exemption, the only transaction with Barrhead Sanitary Ware Limited was the write off of £867,153 that was previously due to the company.

**12 Ultimate parent company**

The immediate and ultimate parent undertaking is Utopia Bathroom Group Limited, a company registered in England and Wales, which heads the largest and smallest group to consolidate the financial statements of the company. Copies of the consolidated group financial statements, which include the company, are available from the Company Secretary at Utopia House, Springvale Avenue, Springvale Business Park, Bilston, Wolverhampton WV14 0QL.

**13 Contingent liabilities and cross-guarantees**

As a result of the Group refinancing which took place in July 2009, the company guarantees related party loans made by Halcon Properties Limited to the ultimate parent company, Utopia Bathroom Group Limited. The balance of these borrowings at 30 June 2011 amounted to £916,231 (2010 £1,387,140) and shareholder loans of £4,342,500 (2010 £4,342,500).