

Company registration number 02826071 (England and Wales)

**UTOPIA FURNITURE LTD.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# UTOPIA FURNITURE LTD.

## COMPANY INFORMATION

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<b>Directors</b>	Mr D W Conn Mr I W Hall
<b>Company number</b>	02826071
<b>Registered office</b>	Utopia House Springvale Avenue Springvale Business Park Bilston West Midlands WV14 0QL
<b>Auditor</b>	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

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# UTOPIA FURNITURE LTD.

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# UTOPIA FURNITURE LTD.

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present the strategic report for the year ended 31 December 2022.

### **Fair review of the business**

The principal activity and strategic focus of the group remains the design and manufacture of bathroom furniture, a market where the group retains an excellent reputation for both the quality of its product and service delivery.

The company continues to review its product portfolio and develop new product ranges to suit the needs of the market and maintain its leading position in the marketplace. Focusing on customer relationships, the company's strategic objective is to retain and grow business with existing customers and to develop new customer relationships and routes to market.

The year was challenging in terms of obtaining materials in a timely manner for our production due to supplier and logistical delays. In addition, input costs continued to rise significantly during the year. In addition, energy costs rose to unprecedented levels. This unfortunately resulted in the requirement to increase our selling prices.

To mitigate the potential ongoing impact of supplier performance, the company stock holdings were increased significantly.

Despite these challenges within the supply chain and the uncertain economic climate, the company managed to provide a healthy result for the year.

### **Key performance indicators (KPIs)**

The company utilises a range of different KPI's at an operational level which are used by the management team to monitor performance on a regular basis. The main KPI's are as follows:

	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>£</b>	<b>£</b>
Sales activity	15,873,286	13,814,077
EBITDA (before exceptionals)	1,512,175	1,371,234
Working capital (exclusive of amounts due to/from group undertakings)	1,156,167	857,453

### **Principal risks and uncertainties**

The principal risk for the company relates to the difficult general economic conditions with high energy costs, inflation and a potential recession. Costs are continually monitored and, if possible, some element passed on to the customer when required.

On behalf of the board

Mr D W Conn  
**Director**  
15 September 2023

# UTOPIA FURNITURE LTD.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the company continued to be that of design and manufacture of bathroom furniture. The business continues to have an excellent reputation for design, quality and service and supplies a significant number of bathroom outlets in the UK.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D W Conn

Mr I W Hall

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £nil (2021:£240,000). The directors do not recommend the payment of a final dividend.

#### **Financial risk management objectives and policies**

##### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

##### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Research and development**

The company routinely investigates new materials and production techniques in the development of new ranges of bathroom furniture.

#### **Future developments**

There are no significant anticipated future changes to the operations of the company.

#### **Auditor**

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

# UTOPIA FURNITURE LTD.

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 ;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Disclosure in the Strategic Report

A separate Strategic Report has been prepared in compliance with Companies Act 2006 and contains information about the company's operations and financial performance throughout the period, and an assessment of the principal risks and uncertainties to the company.

On behalf of the board

Mr D W Conn

**Director**

15 September 2023

# UTOPIA FURNITURE LTD.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF UTOPIA FURNITURE LTD.

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#### Opinion

We have audited the financial statements of Utopia Furniture Ltd. (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

#### 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

## **UTOPIA FURNITURE LTD.**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UTOPIA FURNITURE LTD.**

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

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

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company, we identified the principal risks of non-compliance with laws and regulations including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and the extent to which non-compliance might have a material effect on the financial statements.

Audit procedures performed included discussions with management, review of board meeting minutes, testing of journals, designing and performing audit procedures and challenging assumptions and judgements made by management in relation to accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **UTOPIA FURNITURE LTD.**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UTOPIA FURNITURE LTD.**

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#### **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.

**Colm McGrory FCA**  
**Senior Statutory Auditor**  
**For and on behalf of Ormerod Rutter Limited**

15 September 2023

**Chartered Accountants**  
**Statutory Auditor**

The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

## UTOPIA FURNITURE LTD.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	15,873,286	13,814,077
Cost of sales		(9,836,975)	(8,415,150)
<b>Gross profit</b>		6,036,311	5,398,927
Administrative expenses		(4,816,539)	(4,394,752)
Other operating income		61,392	138,209
<b>Operating profit</b>	<b>4</b>	1,281,164	1,142,384
Interest payable and similar expenses	<b>8</b>	(2,008)	(20,303)
<b>Profit before taxation</b>		1,279,156	1,122,081
Tax on profit	<b>9</b>	(384,066)	(176,496)
<b>Profit for the financial year</b>		895,090	945,585

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# UTOPIA FURNITURE LTD.

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		1,719,997		1,255,050
<b>Current assets</b>					
Stocks	12	1,554,799		1,319,491	
Debtors	13	5,748,355		5,638,806	
Cash at bank and in hand		54,715		451	
		<u>7,357,869</u>		<u>6,958,748</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,082,820)</u>		<u>(2,463,470)</u>	
<b>Net current assets</b>			5,275,049		4,495,278
<b>Total assets less current liabilities</b>			6,995,046		5,750,328
<b>Creditors: amounts falling due after more than one year</b>	15		(163,199)		(21,226)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	207,655		-	
		<u>(207,655)</u>		<u>-</u>	
<b>Net assets</b>			6,624,192		5,729,102
<b>Capital and reserves</b>					
Called up share capital	21		20,000		20,000
Capital redemption reserve	22		3,000		3,000
Profit and loss reserves	22		6,601,192		5,706,102
<b>Total equity</b>			6,624,192		5,729,102

The financial statements were approved by the board of directors and authorised for issue on 15 September 2023 and are signed on its behalf by:

Mr D W Conn  
Director

Company Registration No. 02826071

# UTOPIA FURNITURE LTD.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>		20,000	3,000	5,000,517	5,023,517
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	945,585	945,585
Dividends	10	-	-	(240,000)	(240,000)
<b>Balance at 31 December 2021</b>		20,000	3,000	5,706,102	5,729,102
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income for the year		-	-	895,090	895,090
<b>Balance at 31 December 2022</b>		20,000	3,000	6,601,192	6,624,192

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Utopia Furniture Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is Utopia House, Springvale Avenue, Springvale Business Park, Bilston, West Midlands, United Kingdom, WV14 0QL.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. Exemptions have been made, for example cash flows are not required as a consolidated cash flow has been prepared. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

These financial statements have been drawn up on the going concern basis. If the going concern basis were not appropriate, adjustments would have been made to reduce assets to recoverable amounts, to provide for any further liabilities that might arise, and to re-classify fixed assets as current assets and long term liabilities as current liabilities.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually when goods are delivered to the customer), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Renewable Heat Incentive (RHI) scheme income is recognised when the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% on NBV
Fixtures and fittings	33% & 66% straight line
Computer Equipment	50% on NBV
Motor vehicles	25% on NBV

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

#### 1.6 Stocks

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

Cost of stock is determined from the purchase price of raw materials.

Cost is calculated using the first-in, first-out (FIFO) method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

#### 1.8 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 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors 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. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

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

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

### 1.10 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 net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key 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.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock

The group consistently monitors and provides against stock where appropriate to ensure stock is held at the lower of cost and NRV. Provisions are applied on a consistent basis which is based on historical experience and expected use, specifically ageing of stock, quantity in hand, usage and changes in customer demand are considered and reflected within the provided amounts.

#### Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates.

In the opinion of the directors there are no critical judgements or key sources of estimation uncertainty not addressed as part of the above accounting policies.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of goods	15,873,286	13,814,077
	<u>15,873,286</u>	<u>13,814,077</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	14,894,773	13,488,667
Europe	971,674	325,410
UAE	6,839	-
	<u>15,873,286</u>	<u>13,814,077</u>
	2022 £	2021 £
<b>Other revenue</b>		
Grants received	-	80,036
	<u>-</u>	<u>80,036</u>

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(80,036)
Depreciation of owned tangible fixed assets	240,120	186,249
Depreciation of tangible fixed assets held under finance leases	18,342	42,601
Profit on disposal of tangible fixed assets	(27,451)	-
Operating lease charges	544,579	581,373
	<u>544,579</u>	<u>581,373</u>

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	21,380	18,750
	<u>21,380</u>	<u>18,750</u>
<b>For other services</b>		
Taxation compliance services	835	875
All other non-audit services	11,305	11,000
	<u>12,140</u>	<u>11,875</u>

### 6 Employees

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

	2022	2021
	Number	Number
Administration	41	43
Production	84	78
	<u>125</u>	<u>121</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	3,660,298	3,462,215
Social security costs	388,381	334,828
Pension costs	129,235	128,211
	<u>4,177,914</u>	<u>3,925,254</u>

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	2,752	2,657

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 0).

#### Key management personnel

During the year key management personnel (including directors) received gross wages of £205,474 (2021: £244,382) and employer pension contributions of £16,226 (2021: £15,193).

### 8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	-	11,199
Interest on finance leases and hire purchase contracts	2,008	9,104
	2,008	20,303

### 9 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	8,248	-
Adjustments in respect of prior periods	-	(23,640)
Total current tax	8,248	(23,640)
<b>Deferred tax</b>		
Origination and reversal of timing differences	375,818	200,136
Total tax charge	384,066	176,496

## UTOPIA FURNITURE LTD.

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	1,279,156	1,122,081
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	243,040	213,195
Tax effect of expenses that are not deductible in determining taxable profit	3,489	19,229
Tax effect of income not taxable in determining taxable profit	-	(9,912)
Tax effect of utilisation of tax losses not previously recognised	(78,500)	-
Unutilised tax losses carried forward	55,858	138,386
Adjustments in respect of prior years	-	(23,640)
Permanent capital allowances in excess of depreciation	174,475	-
Wage creditor timing differences	(14,296)	-
Temporary timing differences	-	(131)
Depreciation in excess of capital allowances	-	(82,681)
Research and development credit	-	(77,950)
Taxation charge for the year	384,066	176,496

#### 10 Dividends

	2022 £	2021 £
Interim paid	-	240,000

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Tangible fixed assets

	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Computer Equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 January 2022	-	7,002,003	908,244	809,272	99,141	8,818,660
Additions	223,311	408,388	123,642	6,672	-	762,013
Disposals	-	(501,397)	(76,977)	-	-	(578,374)
Transfers	210,670	-	-	(210,670)	-	-
At 31 December 2022	433,981	6,908,994	954,909	605,274	99,141	9,002,299
<b>Depreciation and impairment</b>						
At 1 January 2022	-	6,032,391	881,482	555,926	93,811	7,563,610
Depreciation charged in the year	-	187,093	57,082	12,954	1,333	258,462
Eliminated in respect of disposals	-	(467,841)	(71,929)	-	-	(539,770)
At 31 December 2022	-	5,751,643	866,635	568,880	95,144	7,282,302
<b>Carrying amount</b>						
At 31 December 2022	433,981	1,157,351	88,274	36,394	3,997	1,719,997
At 31 December 2021	-	969,612	26,762	253,346	5,330	1,255,050

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	234,927	170,405

Ownership of these assets transfer to the company on full repayment of the hire purchase loans. None of the hire purchase agreements contain clauses relating to contingent rent, renewal, escalation clauses, subleases, or restrictions imposed on use of the assets.

### 12 Stocks

	2022 £	2021 £
Raw materials and consumables	1,248,582	1,017,056
Work in progress	195,719	187,417
Finished goods and goods for resale	110,498	115,018
	1,554,799	1,319,491

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,296,919	1,264,693
Amounts owed by group undertakings	4,237,935	3,910,878
Other debtors	-	74,026
Prepayments and accrued income	213,501	221,046
	<u>5,748,355</u>	<u>5,470,643</u>
Deferred tax asset (note 19)	-	168,163
	<u>5,748,355</u>	<u>5,638,806</u>

### 14 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	16	197,747	374,172
Obligations under finance leases	17	51,898	82,955
Trade creditors		1,289,721	1,194,608
Amounts owed to group undertakings		119,053	273,053
Corporation tax		8,248	-
Other taxation and social security		144,491	219,546
Other creditors		46,067	-
Accruals and deferred income		225,595	319,136
		<u>2,082,820</u>	<u>2,463,470</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Obligations under finance leases	17	163,199	21,226
		<u>163,199</u>	<u>21,226</u>

### 16 Loans and overdrafts

	2022	2021
	£	£
Bank overdrafts	197,747	374,172
	<u>197,747</u>	<u>374,172</u>
Payable within one year	197,747	374,172
	<u>197,747</u>	<u>374,172</u>

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	51,898	82,955
In two to five years	163,199	21,226
	<u>215,097</u>	<u>104,181</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Amounts due under hire purchase and finance lease contracts are secured over the assets to which they relate.

### 18 Secured debts

The following secured debts are included within creditors:

	2022 £	2021 £
Hire purchase contracts	215,097	104,181
Bank overdrafts	197,747	374,172
	<u>412,844</u>	<u>478,353</u>

Hire purchase contracts are secured against the assets to which they relate.

Included within bank overdrafts is £197,747 (2021: £374,172), relating to an invoice financing arrangement, secured by way of first fixed charge over specific trade debtor balances, and by way of a first floating charge over all of the company's present and future assets and undertaking. Interest charged on the secured liability is variable at 2.41% over the Bank of England's base rate.

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	278,456	-	-	33,506
Tax losses	(73,498)	-	-	132,358
Short term timing differences	2,697	-	-	2,299
	<u>207,655</u>	<u>-</u>	<u>-</u>	<u>168,163</u>



# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Deferred taxation (Continued)

	2022 £
<b>Movements in the year:</b>	
Asset at 1 January 2022	(168,163)
Charge to profit or loss	375,818
Liability at 31 December 2022	<u>207,655</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 20 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>129,235</u>	<u>128,211</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Accrued employer pension contributions as at the year end amounted to £18,810 (2021: £19,221).

### 21 Share capital

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
20,000 Ordinary A Shares of £1 each	<u>20,000</u>	<u>20,000</u>

### 22 Reserves

#### Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

#### Profit and loss reserves

Profit and loss reserves represent the accumulated profits of the company, less accumulated losses and distributed profits.

### 23 Financial commitments, guarantees and contingent liabilities

The company is party to an unlimited multilateral guarantee with HSBC UK Bank plc along with with fellow group undertakings Utopia Capital Investments Limited, Utopia Group Limited, Barrhead Sanitary Ware Limited and Barrhead International Limited, secured by fixed and floating charges over all of the company's assets. The amount of potential exposure of the company under this arrangement at the year end was £nil (2021: £nil).

# UTOPIA FURNITURE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	191,279	193,756
Between two and five years	382,945	76,616
	<u>574,224</u>	<u>270,372</u>

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of tangible fixed assets	449,424	283,376
	<u>449,424</u>	<u>283,376</u>

### 26 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

#### Entities under common control

During the year the company incurred rent and related expenses charged at less than market rate payable to entities under common control totalling £nil (2021 - £nil).

During the year the company incurred expenses on normal trading terms payable to entities under common control totalling £232,733 (2021 - £nil).

#### Amounts owed to/by related parties

The following amounts were outstanding at the reporting end date:

	Amount owed to 31 December		Amounts owed by 31 December	
	2022 £	2021 £	2022 £	2021 £
Entities under common control	<u>46,067</u>	<u>41,153</u>	<u>-</u>	<u>-</u>

## **UTOPIA FURNITURE LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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**27 Ultimate controlling party**

As at 31 December 2022, the ultimate parent undertaking was Utopia Capital Investments Group Limited, a company registered in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.