

Utopia Group Limited

**Directors' report and financial
statements**

Registered number 05479695
For the year ended 30 June 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

Principal activity

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

Results and dividends

The retained loss for the financial year is £6,493 (2008 profit of £106,401)

No dividends were paid or proposed during the year ended 30 June 2009 (2008 £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

S Russell	(appointed 1 February 2008, resigned 26 June 2009)
H Bray	(appointed 1 July 2008)
E Green	
J Brooke	
S Cox	(resigned 24 October 2008)
M Bailey	(appointed 8 May 2009)
T Williams	(resigned 19 December 2008)

Disclosure of information to auditors

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 auditors are 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 auditors are 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)*

Auditors

PricewaterhouseCoopers resigned as auditors during the period and the directors appointed KPMG LLP to fill the casual vacancy

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

On behalf of the board



E Green
Director

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

15 March 2010

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

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Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditors' report to the members of Utopia Group Limited

We have audited the financial statements of Utopia Group Limited for the year ended 30 June 2009 set out on pages 6 to 14. 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 auditors

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 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/UKNP.

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 2009 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 auditors' 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

15 March 2010

Profit and loss account
for the year ended 30 June 2009

	<i>Note</i>	2009 £	2008 £
Turnover		-	-
Gross profit		-	-
Administrative expenses			
Excluding exceptional impairment of investments		(2,084)	(6,545)
Exceptional impairment of investments		-	(1,988,878)
Total administrative expenses		(2,084)	(1,995,423)
Operating loss	2	(2,084)	(1,995,423)
Income from fixed asset investments	7	-	2,100 000
(Loss)/profit on ordinary activities before interest and taxation		(2,084)	104,577
Interest receivable and similar income	4	-	1,918
Interest payable and similar charges	5	(4,409)	(94)
(Loss)/profit on ordinary activities before taxation		(6,493)	106,401
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year	13, 15	(6,493)	106 401

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

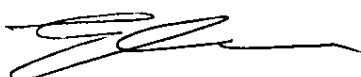
The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The movements on reserves are shown in note 15 to the financial statements

Balance sheet
at 30 June 2009

	<i>Note</i>	2009 £	£	2008 £	£
Fixed assets					
Investments	8		80,000		80,000
Current assets					
Debtors Amounts falling due within one year	9	1,675,698		1,509,293	
Cash at bank and in hand		-		231,267	
		<u>1,675,698</u>		<u>1,740,560</u>	
Creditors Amounts falling due within one year	10	(98,801)		(157,170)	
Net current assets			<u>1,576,897</u>		<u>1,583,390</u>
Total assets less current liabilities			<u>1,656,897</u>		<u>1,663,390</u>
Creditors Amounts falling due after more than one year	11		-		(76,824)
Net assets			<u>1,656,897</u>		<u>1,586,566</u>
Capital and reserves					
Called up share capital	12		938,407		938,407
Share premium	13		236,587		236,587
Profit and loss reserve	13		481,903		411,572
Total shareholders' funds	15		<u>1,656,897</u>		<u>1,586,566</u>

These financial statements were approved by the board of directors on 15 March 2010 and were signed on its behalf by



E Green
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

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The policies applied are consistent with the previous year.

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 18).

Investments

Investments are stated at cost less any provision for impairment.

Cash flow

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 (Revised 1996), as it is included in the consolidated results of the ultimate parent company (see note 18).

Turnover

Turnover represents recharges for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

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.

Share based payments

The group has applied the requirements of accounting standard FRS 20 "share based payment". In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002.

Notes (continued)

1 Accounting policies (continued)

Share based payments (continued)

The group issues equity settled share based payments to employees. The fair value of equity settled share based payments is determined at the date of grant and is expensed on a straight line basis over the vesting period, based on the group's estimate of shares or options that will eventually vest.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been based on the group's historical share data. The fair value of restricted shares is based on the share price at close of business on the date of grant. Further details are set out in note 11.

2 Operating loss

	2009 £	2008 £
<i>Operating loss is stated</i>		
<i>after charging</i>		
Impairment of investments (note 8)	-	1,988,878

The directors are also directors of Utopia Bathroom Group Limited and their emoluments are included in the financial statements of that company (see note 18). 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 (2008 £Nil) to the company in respect of their services.

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

3 Staff numbers and costs

No employees other than the directors were employed by the company in the current or prior year.

4 Interest receivable and similar income

	2009 £	2008 £
Bank interest receivable	-	1,918

5 Interest payable and similar charges

	2009 £	2008 £
Bank interest charges	4,409	94

Notes (continued)

6 Taxation

Analysis of charge in year

	2009 £	2008 £
<i>Current tax</i>		
UK corporation tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008 lower) than the standard rate of corporation tax in the UK (28% (2008 29.5%)). The differences are explained below

	2009 £	2008 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(6,493)	106,401
	<hr/>	<hr/>
Current tax at 28% (2008 29.5%)	(1,818)	31,391
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	(326,486)
Accelerated capital allowances	-	(417)
Group relief surrendered	1,818	295,512
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

7 Income from fixed asset investments

	2009 £	2008 £
<i>Investment in equity shares</i>		
Dividend received from a subsidiary undertaking	-	2,100,000
	<hr/>	<hr/>

8 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
At beginning and end of year	3,739,695
	<hr/>
<i>Impairment</i>	
At beginning and end of year	3,659,695
	<hr/>
<i>Net book value</i>	
At 30 June 2009	80,000
	<hr/>
At 30 June 2008	80,000
	<hr/>

Notes (continued)

8 Fixed asset investments (continued)

The directors performed a review of the carrying value of the company's investments at the prior year end. Following this review, an exceptional impairment write down of £1,988,878 was made in the prior year in respect of Barrhead Sanitary Ware Limited due to a review of the performance of the company.

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

Utopia Furniture Limited

Country of incorporation	England and Wales		
Nature of business	Manufacture of bathroom furniture		
		% holding	£
Class of shares			
Ordinary A		100	
Aggregate capital and reserves			5,722,547
(Loss)/profit for the year			(449,975)
			<hr/>

Dominion Plumbing Supplies Limited

Country of incorporation	England and Wales		
Nature of business	Dormant		
		% holding	£
Class of shares			
Ordinary		100	
Aggregate capital and reserves			5,004
			<hr/>

Utopia Bathrooms Limited

Country of incorporation	England and Wales		
Nature of business	Dormant		
		% holding	£
Class of shares			
Ordinary		100	
Aggregate capital and reserves			1
			<hr/>

Kidsville Limited

Country of incorporation	England and Wales		
Nature of business	Dormant		
		% holding	£
Class of shares			
Ordinary		100	
Aggregate capital and reserves			1
			<hr/>

Barrhead International Limited

Country of incorporation	Scotland		
Nature of business	Holding company		
		% holding	£
Class of shares			
Ordinary 'A'		98	
Ordinary 'C'		100	
Aggregate capital and reserves			10,130
Profit for the year			24,375
			<hr/>

Notes (continued)

8 Fixed asset investments (continued)

The company also has an indirect controlling interest in Barrhead Sanitary Ware Limited through its share holding in Barrhead International Limited. Barrhead Sanitary Ware Limited is involved in the manufacture and sale of sanitary ware. Its aggregate capital and reserves at the end of the year amounted to (£596,456) and its loss for the year was £377,108.

9 Debtors: Amounts falling due within one year

	2009 £	2008 £
Amounts owed by group undertakings	1,439,951	1,449,273
Loan notes	60,000	60,000
Other taxes and social security	-	20
VAT recoverable	175,747	-
	<u>1,675,698</u>	<u>1,509,293</u>

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

The deferred tax asset at 30 June 2009 comprises

	2009 £	2008 £
Accelerated capital allowances	1,664	1,664
Other timing differences	21,511	21,511
Loss not provided	(23,175)	(23,175)
	<u>-</u>	<u>-</u>

10 Creditors: Amounts falling due within one year

	2009 £	2008 £
Bank overdraft	76,987	-
Amounts owed to group undertakings	21,314	155,638
Trade creditors	-	782
Accruals and deferred income	500	750
	<u>98,801</u>	<u>157,170</u>

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

Notes (continued)

11 Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Share scheme liability	-	76 824

An Enterprise Management Incentives Option (EMI) was introduced in July 2006. Under the EMI, the directors granted options over shares in the company to employees within the group. Options are granted with a fixed exercise price of £7.16. The contractual life of an option is 10 years. Awards under the EMI are generally reserved for employees at senior management level and above. The company has made one grant of 38,407 shares under option. Options granted under EMI are exercisable from 31 July 2006 under specific conditions. Exercise of an option is subject to continued employment. The full cost of this option has been expensed in previous years.

12 Called up share capital

	2009 £	2008 £
<i>Allotted, issued and fully paid</i>		
At 1 July 2008	938,407	900 000
Issue of shares	-	38,407
At 30 June 2009	938,407	938,407

13 Reserves

	Share premium account £	Profit and loss reserve £
At beginning of year	236,587	411,572
(Loss)/profit for the financial year	-	(6,493)
Release of share scheme liability on shares previously issued	-	76 824
At end of year	236,587	481,903

14 Capital commitments

The company has no capital commitments at 30 June 2009 (2008 £Nil)

15 Reconciliation of movements in total shareholders' funds

	2009 £	2008 £
At beginning of year	1,586,566	1,205,171
(Loss)/profit for the financial year	(6,493)	106,401
Issue of shares	-	274,994
Release of share scheme liability on shares previously issued	76,824	-
At end of year	1,656,897	1,586,566

Notes (continued)

16 Contingent liabilities and cross guarantees

A bank overdraft facility has been guaranteed by Utopia Bathroom Group Limited, Utopia Group Limited, Utopia Furniture Limited, Dominion Plumbing Supplies Limited, Barrhead Sanitary Ware Limited, Barrhead International Limited, Utopia Bathrooms Limited, Dominion Plumbing Limited and Kidsville Limited. At 30 June 2009, the net amount outstanding on this facility was £117,900 (2008 £Nil).

In accordance with the Credit Facilities Agreement dated 27 September 2007, there is a floating secured charge over the assets of all of the companies within the former Utopia Group.

17 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. No transactions took place with Barrhead Sanitary Ware Limited that are not covered by this exemption.

18 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.

19 Post balance sheet events

On 7 July 2009, the Utopia Bathroom Group entered into revised financing arrangements with its shareholders and bank. Details of the refinancing arrangements have been included in the financial statements of the ultimate parent company, Utopia Bathroom Group Limited (see note 18).