

Barrhead Sanitary Ware Limited

**Directors' report and financial
statements**

**Registered number SC138807
For the year ended 30 June 2012**

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2012.

Principal activity

The principal activity of the company prior to the cessation of trade in 2010 was that of the manufacture and sale of sanitary ware and related products.

Business review

The results for the year and the financial position of the company are as shown in the financial statements on pages 6 to 14. The directors consider the performance of the company during the year, the financial position at the end of the year and the prospects for the future to be satisfactory.

Dividends

No ordinary dividends were paid or proposed for the year ended 30 June 2012 (2011: £Nil). Preference share dividends are disclosed in note 8.

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.

Going concern

The directors of the company have considered the going concern of the company on the basis that the company has net liabilities at 30 June 2012. The directors have confirmed that, with ongoing group support, the company will be able to meet its financial obligations as they fall due for the foreseeable future from the date of approval of the company's financial statements. Thus, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who held office during the year were as follows:

S Russell	(appointed 6 June 2012)
D Ridley	(resigned 14 May 2012)
H Clark	(resigned 9 July 2012)
M Bailey	(appointed 17 July 2012)
M Oldham	(appointed 6 June 2012)

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

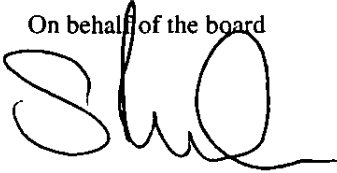
The company maintains an appropriate level of directors' insurance whereby directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act. The directors also benefited from qualifying third party indemnity provisions in place during the financial year and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

S Russell
Director

37 Albyn Place
Aberdeen
AB10 1JB

24 October 2012

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 Barrhead Sanitary Ware Limited

We have audited the financial statements of Barrhead Sanitary Ware Limited for the year ended 30 June 2012 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 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.

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 2012 and of its profit 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 Barrhead Sanitary Ware 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 LLP, Statutory Auditor
Chartered Accountants

26 October 2012

Profit and loss account
for the year ended 30 June 2012

	<i>Note</i>	Discontinued operations 2012 £000	2011 £000
Turnover	<i>1</i>	-	160
Cost of sales		-	(166)
		<hr/>	<hr/>
Gross result/(loss)		-	(6)
Administrative expenses		117	833
		<hr/>	<hr/>
Operating profit	<i>2</i>	117	827
Exceptional items	<i>3</i>	-	(37)
Interest payable and similar charges	<i>6</i>	(24)	(24)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		93	766
Tax on profit on ordinary activities	<i>7</i>	-	-
		<hr/>	<hr/>
Profit for the financial year	<i>13</i>	93	766
		<hr/>	<hr/>

All activities relate to discontinued operations for both financial years.

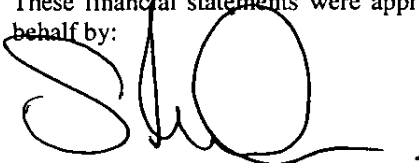
There are no material differences between the profit as shown in the profit and loss account above and their historical cost equivalents.

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 2012

	<i>Note</i>	2012 £000	£000	2011 £000	£000
Current assets					
Debtors	9	-		1	
Cash at bank and in hand		6		7	
		<u>6</u>		<u>8</u>	
Creditors: Amounts falling due within one year	10	-		(119)	
Net current assets/(liabilities)			<u>6</u>		<u>(111)</u>
Total assets less current liabilities			<u>6</u>		<u>(111)</u>
Creditors: Amounts falling due after more than one year	11		(788)		(764)
Net liabilities			<u>(782)</u>		<u>(875)</u>
Capital and reserves					
Called up share capital	12		4,946		4,946
Profit and loss reserve	13		(5,728)		(5,821)
Total shareholders' deficit	16		<u>(782)</u>		<u>(875)</u>

These financial statements were approved by the board of directors on 24 October 2012 and were signed on its behalf by:



S Russell
 Director

Company number: SC138807

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 directors have prepared these financial statements on a going concern basis as the ultimate parent company, Utopia Bathroom Group Limited, has confirmed in writing that it will provide, notwithstanding the net current liabilities and net liabilities at the balance sheet date, ongoing financial support to enable the company to settle its liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

Turnover

Turnover represents charges for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover for both the current and prior financial year is attributable to the company's principal activity which is carried out in the United Kingdom.

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.

Operating leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged to the profit and loss account.

Notes (continued)

2 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after charging/(crediting)</i>		
Operating lease rentals:		
Other (including land and buildings)	-	47
Write off balance no longer due to fellow group company	-	(867)
Release of provisions	(117)	-
	<u> </u>	<u> </u>

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

3 Exceptional items

Costs incurred in relation to the closure of the operations include:

	2012 £000	2011 £000
Factory strip out	-	19
Other exceptional costs	-	29
Proceeds of sale of previously impaired assets	-	(11)
	<u> </u>	<u> </u>
	-	37
	<u> </u>	<u> </u>

4 Directors' emoluments

Directors' emoluments were borne by the ultimate parent company for both financial years, although £Nil (2011: £Nil) was recharged to the company in respect of services provided in relation to the company. Directors' emoluments are disclosed within the group financial statements of Utopia Bathroom Group Limited for the year ended 30 June 2012.

5 Staff numbers and costs

In the current year, the company had no employees other than directors.

	Number of employees 2012	Number of employees 2011
Production	-	4
Sales and administration	-	1
	<u> </u>	<u> </u>
	-	5
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	-	48
Social security costs	-	4
Other pension costs	-	1
	<u>-</u>	<u>53</u>

6 Interest payable and similar charges

	2012 £000	2011 £000
Preference share dividends proposed	24	24
	<u>24</u>	<u>24</u>

7 Taxation

Analysis of charge in year

	2012 £000	2011 £000
<i>Current tax</i>		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 25.5% (2011: 27.5%). The differences are explained below:

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	93	766
	<u>93</u>	<u>766</u>
Current tax at 25.5% (2011: 27.5%)	24	211
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	8
Capital allowances for period in excess of depreciation	-	(93)
Group relief surrendered	-	20
Movement in unprovided deferred tax asset	-	92
Waiver of intercompany debt	-	(238)
Losses brought forward	(30)	-
	<u>-</u>	<u>-</u>
Total current tax charge (see above)	-	-

Notes (continued)

7 Taxation (continued)

Factors that may affect future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

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

8 Dividends

	2012 £000	2011 £000
Preference dividend	24	24

The preference dividend of £24,000 (2011: £24,000) has been accrued but not paid and is included within creditors: amounts falling due after more than one year.

9 Debtors

	2012 £000	2011 £000
Prepayments and accrued income	-	1

Deferred tax

The unrecognised deferred tax asset comprises:

	Recognised		Unrecognised	
	2012 £000	2011 £000	2012 £000	2011 £000
Losses	-	-	351	404
	-	-	-	-

Deferred tax assets are not recognised where their recoverability cannot be accurately foreseen in the short term future.

10 Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Accruals and deferred income	-	119

Notes (continued)

11 Creditors: Amounts falling due after more than one year

	2012 £000	2011 £000
Preference shares	325	325
Preference shares accrued dividend	463	439
	<u>788</u>	<u>764</u>

12 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid:</i>		
Included in equity:		
4,508,835 ordinary voting shares of £1 each	4,509	4,509
437,110 ordinary non-voting shares of £1 each	437	437
	<u>4,946</u>	<u>4,946</u>

The company has in issue 325,000 of £1 preference shares to Barrhead International Limited, included in creditors (see note 11).

Under the terms of the preference share subscription agreements, the company is liable to pay a cumulative preferential net dividend of the preference shares of 75 pence per annum per share. The dividends are payable half yearly on 30 April and 31 October in each year, ranking in priority to any dividend paid on any other class of shares. The entitlement of the preference shareholders is however subject to the limitation that dividends paid shall not exceed 49.9% of the income of the company available for distribution.

The cumulative redeemable preference shares were due to be redeemed in four equal tranches at par (together with all arrears and accruals of dividend) on each of the following dates:

31 January 1998
 31 July 1998
 31 January 1999
 31 July 1999

The shares will be redeemed when sufficient distributable reserves are available in accordance with the Companies Act 2006 and Articles of Association.

The company has the option to redeem the preference shares at par, at any time. The preference shareholders also have the option to convert their preference shares into ordinary, non-voting shares at any time. Consequently, under FRS 25, these shares have been reclassified to other debt (see note 11).

On a winding up, the surplus assets of the company shall be applied as follows:

- in paying to the holders of the preference shares £1 per share with any arrears or accruals of the preference dividend;
- the balance of the surplus assets shall be distributed equally amongst the holders of the voting shares and the non-voting shares in proportion to the number of shares held pro rata to the capital paid thereon.

The non-voting shares have no voting rights except in relation to the declaration of an ordinary dividend, a winding up or a valuation of their class rights.

The preference shareholders can vote on certain matters if their dividend is in arrears or their shares have not been redeemed when due for redemption.

Notes (continued)

13 Reserves

	Profit and loss reserve £000
At beginning of year	(5,821)
Profit for the year	93
	<hr/>
At end of year	(5,728)
	<hr/>

14 Pension commitments

The company participates in a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension contributions for the year amounted to £Nil (2011: £1,000).

15 Related party disclosures

As a subsidiary undertaking of Utopia Bathroom Group Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other wholly owned subsidiaries of the group headed by Utopia Bathroom Group Limited (see note 17).

Barrhead Sanitary Ware Limited is 98.2% owned by the Utopia Bathroom Group and as such, does not qualify for the above exemption under FRS 8.

During the year, Barrhead Sanitary Ware made sales of £Nil (2011: £155,000) to Utopia Furniture Limited. No amounts were receivable or payables as at 30 June 2012 (2011: £Nil, £Nil).

In addition, Barrhead Sanitary Ware issued a preference share dividend of £24,000 (2011: £24,000) to Barrhead International Limited, its immediate parent company, as disclosed in note 8. Following the cessation of trade in the prior year, payables of £867,000 due to Utopia Group Limited were written off.

There were no other related party transactions requiring disclosure other than already disclosed in the financial statements.

16 Reconciliation of movements in total shareholders' deficit

	2012 £000	2011 £000
Opening total shareholders' deficit	(875)	(1,641)
Profit for the year	93	766
	<hr/>	<hr/>
Closing total shareholders' deficit	(782)	(875)
	<hr/>	<hr/>

Notes (continued)

17 Ultimate parent company

The immediate parent undertaking is Barrhead International Limited, a company registered in Scotland.

The 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.

18 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 2012 amounted to £4,707,000 (2011: £5,259,000).