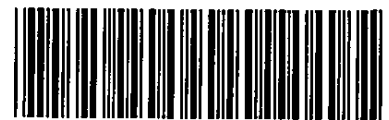


PLUMBCITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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COMPANIES HOUSE

Company Registration No. 04477777 (England and Wales)

PLUMBCITY LIMITED

COMPANY INFORMATION

Directors

P Manby
S Wimbledon
G Eldred

Company number

04477777

Registered office

Unit 7 Commerce Way
Whitehall Industrial Estate
Colchester
Essex
CO2 8JN

Auditors

Beaumont Seymour
47 Butt Road
Colchester
Essex
CO3 3BZ

Business address

Unit 7 Commerce Way
Whitehall Industrial Estate
Colchester
Essex
CO2 8JN

PLUMBCITY LIMITED

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PLUMBCITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

Principal activities, review of the business and future developments

The principal activity of the company continued to be the sale of Plumbing, Heating and Bathroom materials through its trade sales counters and bathroom showrooms

The company maintained its net profit margin during 2010, whilst increasing turnover, during a year of difficult trading conditions

The directors are satisfied with the financial position of the business at the end of the financial year and intend that current trading levels are maintained in the immediate future

The company's longterm strategy includes expansion of its network of branches, with further branches being opened across the region as profits are re-invested in the business

Principal risks and uncertainties

The company has procedures to manage the major risks faced. Where possible, the board takes action to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies, the main emphasis being on the continuation of trading and maintenance of margins. This includes the maintenance of business continuity plans and monitoring of trade conditions

Financial Risks

The company's operations expose it to a variety of financial risks, including credit exposure, liquidity and interest rates. The main risks arising from the company's trading operations can be analysed as follows

Credit risk - The company's principal financial assets are stocks, trade debtors and bank balances, which represent the company's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes and the use of credit checking agencies

Liquidity risk - The company has appropriate overdraft facilities in place with bankers where considered necessary

Interest rate risk - The company has very limited exposure to interest rate risk as third party borrowings are insignificant

PLUMBCITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows

	2010	2009	2008	2007
	£	£	£	£
Turnover	15,127,860	12,468,367	12,893,608	11,147,568
Gross profit%	30.18%	29.12%	28.88%	27.46%
Net profit before tax	1,626,886	1,107,806	1,234,307	1,092,179
Net profit%	7.62%	6.47%	6.88%	6.56%
Capital and reserves	3,807,946	2,905,888	2,249,461	1,512,632

Results and dividends

The results for the year are set out on page 6

A dividend was paid amounting to £250,000

Directors

The following directors have held office since 1 January 2010

P Manby
S Wimbledon
G Eldred

Charitable donations

During the year the company made the following payments

	2010	2009
	£	£
Charitable donations	402	329

Auditors

The auditors, Beaumont Seymour, are deemed to be reappointed under section 487(2) of the Companies Act 2006

PLUMBCITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Directors' responsibilities

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 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,
- 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 auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



S Wimbledon

Director

30 June 2011

PLUMBCITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUMBCITY LIMITED

We have audited the financial statements of Plumbcity Limited for the year ended 31 December 2010 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2010 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.

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.

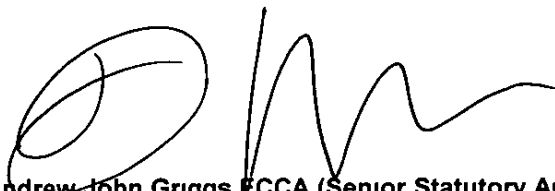
PLUMBCITY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF PLUMBCITY LIMITED

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



**Andrew John Griggs FCCA (Senior Statutory Auditor)
for and on behalf of Beaumont Seymour**

30 June 2011

**Chartered Certified Accountants
Statutory Auditor**

47 Butt Road
Colchester
Essex
CO3 3BZ

PLUMBCITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	15,127,860	12,468,367
Cost of sales		(10,562,761)	(8,838,173)
Gross profit		4,565,099	3,630,194
Administrative expenses		(2,960,949)	(2,539,810)
Other operating income		-	75
Operating profit	3	1,604,150	1,090,459
Other interest receivable and similar income	4	22,736	17,347
Profit on ordinary activities before taxation		1,626,886	1,107,806
Tax on profit on ordinary activities	5	(474,828)	(301,379)
Profit for the year	15	1,152,058	806,427

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

There are no recognised gains and losses other than those passing through the profit and loss account

PLUMBCITY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	7	637,839		621,400	
Investments	8	1		-	
		<u>637,840</u>		<u>621,400</u>	
Current assets					
Stocks	9	2,454,667		1,815,085	
Debtors	10	2,638,263		2,409,428	
Cash at bank and in hand		1,560,925		980,543	
		<u>6,653,855</u>		<u>5,205,056</u>	
Creditors, amounts falling due within one year	11	<u>(3,453,790)</u>		<u>(2,901,065)</u>	
Net current assets		<u>3,200,065</u>		<u>2,303,991</u>	
Total assets less current liabilities		<u>3,837,905</u>		<u>2,925,391</u>	
Provisions for liabilities	12	<u>(29,959)</u>		<u>(19,503)</u>	
		<u>3,807,946</u>		<u>2,905,888</u>	
Capital and reserves					
Called up share capital	14	25,000		25,000	
Profit and loss account	15	3,782,946		2,880,888	
Shareholders' funds	16	<u>3,807,946</u>		<u>2,905,888</u>	

Approved by the Board and authorised for issue on 30 June 2011



S Wimbledon
Director

Company Registration No. 04477777

PLUMBCITY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	£	2009 £
Net cash inflow from operating activities		1,334,961		794,168
Returns on investments and servicing of finance				
Interest received	22,736		17,347	
Net cash inflow for returns on investments and servicing of finance		22,736		17,347
Taxation		(317,866)		(365,261)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(222,704)		(117,272)	
Payments to acquire investments	(1)		-	
Receipts from sales of tangible assets	23,100		2,400	
Net cash outflow for capital expenditure		(199,605)		(114,872)
Equity dividends paid		(250,000)		(150,000)
Net cash inflow before management of liquid resources and financing		590,226		181,382
Financing				
Repayment of other short term loans	(9,844)		(5,625)	
Net cash outflow from financing		(9,844)		(5,625)
Increase in cash in the year		580,382		175,757

PLUMBCITY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

1	Reconciliation of operating profit to net cash inflow from operating activities	2010	2009
		£	£
	Operating profit	1,604,150	1,090,459
	Depreciation of tangible assets	185,523	165,538
	(Profit)/loss on disposal of tangible assets	(2,358)	2,711
	Increase in stocks	(639,582)	(221,317)
	Increase in debtors	(228,835)	(205,814)
	Increase/(decrease) in creditors within one year	416,063	(37,409)
	Net cash inflow from operating activities	1,334,961	794,168

2	Analysis of net funds	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	980,543	580,382	-	1,560,925
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(30,000)	9,844	-	(20,156)
	Net funds	950,543	590,226	-	1,540,769

3	Reconciliation of net cash flow to movement in net funds	2010	2009
		£	£
	Increase in cash in the year	580,382	175,757
	Cash outflow from decrease in debt	9,844	5,625
	Movement in net funds in the year	590,226	181,382
	Opening net funds	950,543	769,161
	Closing net funds	1,540,769	950,543

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold Improvements	10% Straight line
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	10% - 25% Straight line
Motor vehicles	25% Reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock

Stock is valued at the lower of cost and net realisable value

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

3	Operating profit	2010	2009
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	185,523	165,538
	Loss on disposal of tangible assets	-	2,711
	Operating lease rentals	203,380	191,662
	and after crediting		
	Profit on disposal of tangible assets	(2,358)	-
		<u>16,185</u>	<u>13,051</u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	6,155	5,800
	Accountancy and taxation	10,030	7,251
		<u>16,185</u>	<u>13,051</u>
4	Investment income	2010	2009
		£	£
	Bank interest	15,855	15,248
	Other interest	6,881	2,099
		<u>22,736</u>	<u>17,347</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	464,372	317,866
	Adjustment for prior years	-	(2,137)
	Total current tax	<u>464,372</u>	<u>315,729</u>
	Deferred tax		
	Deferred tax charge	10,456	(14,350)
		<u>474,828</u>	<u>301,379</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,626,886</u>	<u>1,107,806</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>455,528</u>	<u>310,186</u>
	Effects of		
	Non deductible expenses	4,037	3,073
	Depreciation add back	52,606	47,109
	Capital allowances	(45,874)	(36,473)
	Adjustments to previous periods	-	(2,137)
	Other tax adjustments	(1,925)	(6,029)
		<u>8,844</u>	<u>5,543</u>
	Current tax charge for the year	<u>464,372</u>	<u>315,729</u>
6	Dividends	2010 £	2009 £
	Ordinary interim paid	<u>250,000</u>	<u>150,000</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

7 Tangible fixed assets

	Leasehold Improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2010	262,956	34,577	654,963	216,733	1,169,229
Additions	94,113	16,540	29,332	82,719	222,704
Disposals	-	-	-	(59,999)	(59,999)
At 31 December 2010	357,069	51,117	684,295	239,453	1,331,934
Depreciation					
At 1 January 2010	106,759	15,868	311,232	113,970	547,829
On disposals	-	-	-	(39,257)	(39,257)
Charge for the year	35,709	5,289	103,340	41,185	185,523
At 31 December 2010	142,468	21,157	414,572	115,898	694,095
Net book value					
At 31 December 2010	214,601	29,960	269,723	123,555	637,839
At 31 December 2009	156,197	18,709	343,731	102,763	621,400

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2010	-
Additions	1
	<hr/>
At 31 December 2010	1
	<hr/>
Net book value	
At 31 December 2010	1
	<hr/> <hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Gallery Bathrooms Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	Principal activity		
Gallery Bathrooms Limited	Dormant	1	-
		<hr/> <hr/>	<hr/> <hr/>

9 Stocks

	2010 £	2009 £
Finished goods and goods for resale	2,454,667	1,815,085
	<hr/> <hr/>	<hr/> <hr/>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

10 Debtors	2010 £	2009 £
Trade debtors	2,093,434	1,853,141
Other debtors	116,044	418
Prepayments and accrued income	428,785	555,869
	<u>2,638,263</u>	<u>2,409,428</u>

11 Creditors' amounts falling due within one year	2010 £	2009 £
Trade creditors	2,328,143	1,802,950
Corporation tax	464,372	317,866
Other taxes and social security costs	115,685	107,767
Directors' current accounts	274,133	438,008
Other creditors	20,296	28,997
Accruals and deferred income	251,161	205,477
	<u>3,453,790</u>	<u>2,901,065</u>

The Company's bankers hold a fixed and floating security charge over the Company's assets

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2010	19,503
Profit and loss account	10,456
	<u>29,959</u>
Balance at 31 December 2010	<u>29,959</u>

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	<u>29,959</u>	<u>19,503</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

13 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2010 £	2009 £
Contributions payable by the company for the year	6,813	6,000

14 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
250,000 Ordinary of 10p each	25,000	25,000

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2010	2,880,888
Profit for the year	1,152,058
Dividends paid	(250,000)
Balance at 31 December 2010	3,782,946

16 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	1,152,058	806,427
Dividends	(250,000)	(150,000)
Net addition to shareholders' funds	902,058	656,427
Opening shareholders' funds	2,905,888	2,249,461
Closing shareholders' funds	3,807,946	2,905,888

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

17 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Between two and five years	51,000	-
In over five years	213,180	187,750
	<u>264,180</u>	<u>187,750</u>

18 Directors' remuneration

	2010	2009
	£	£
Remuneration for qualifying services	95,400	86,575
Company pension contributions to defined contribution schemes	4,250	4,000
	<u>99,650</u>	<u>90,575</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2009 - 1)

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Management	13	12
Administration	20	5
Staff	27	36
	<u>60</u>	<u>53</u>

Employment costs

	2010 £	2009 £
Wages and salaries	1,374,654	1,194,672
Social security costs	159,794	135,968
Other pension costs	6,813	6,000
	<u>1,541,261</u>	<u>1,336,640</u>

20 Control

The company is controlled by P Manby

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

21 Related party relationships and transactions

Loans from/(to) directors

The following directors loans existed during the year The movement on these loans are as follows

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
P Manby - Loan from director	-	360,000	-	-	(118,125)	241,875
G Eldred - Loan from director	-	48,008	-	-	(15,750)	32,258
S Wimbledon - Loan to director (2009 from)	4 00	30,000	(109,844)	-	(30,000)	(109,844)
		<u>438,008</u>	<u>(109,844)</u>	<u>-</u>	<u>(163,875)</u>	<u>164,289</u>

The negative balance in respect of S Wimbledon represents a temporary loan arrangement, made to a director of the company The loan will attract interest at a commercial rate and is due for repayment in the next accounting period No repayments have been made prior to the accounting reference date

Included in other creditors is a loan from R G Nash (a shareholder) of £20,156 (2009 - £30,000) This loan is provided to the company on an interest free basis with no fixed date for repayment

Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below

	2010 £	2009 £
P Manby	150,000	90,000
G Eldred	20,000	12,000
S Wimbledon	62,500	37,500
	<u>232,500</u>	<u>139,500</u>