

PLUMBCITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



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 8HR

Auditors

Beaumont Seymour
47 Butt Road
Colchester
Essex
CO3 3BZ

Business address

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

PLUMBCITY LIMITED

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PLUMBCITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

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 2011, 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 2011

Key performance indicators

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

	2011	2010	2009	2008
	£	£	£	£
Turnover	16,538,769	15,127,860	12,468,367	12,893,608
Gross profit %	30.82%	30.18%	29.12%	28.88%
Net profit before tax	1,723,818	1,626,886	1,107,806	1,234,307
Net profit % before tax	10.42%	10.75%	8.88%	9.57%
Net profit % after tax	7.43%	7.62%	6.47%	6.88%
Capital and reserves	4,762,422	3,807,946	2,905,888	2,249,461

Results and dividends

The results for the year are set out on page 6

A dividend was paid amounting to £275,000

Directors

The following directors have held office since 1 January 2011

P Manby
S Wimbledon
G Eldred

Charitable donations

During the year the company made the following payments

	2011	2010
	£	£
Charitable donations	600	402

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 2011

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

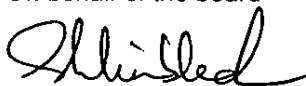
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

12 June 2012

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 2011 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 2011 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

12 June 2012

Chartered Certified Accountants
Statutory Auditor

47 Butt Road
Colchester
Essex
CO3 3BZ

PLUMBCITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	16,538,769	15,127,860
Cost of sales		(11,441,891)	(10,562,761)
Gross profit		5,096,878	4,565,099
Administrative expenses		(3,399,119)	(2,960,949)
Operating profit	3	1,697,759	1,604,150
Other interest receivable and similar income	4	26,059	22,736
Profit on ordinary activities before taxation		1,723,818	1,626,886
Tax on profit on ordinary activities	5	(494,341)	(474,828)
Profit for the year	15	1,229,477	1,152,058

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

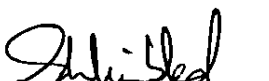
PLUMBCITY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7	611,767		637,839	
Investments	8		1		1
		<u>611,768</u>		<u>637,840</u>	
Current assets					
Stocks	9	2,802,105		2,454,667	
Debtors	10	2,579,684		2,638,263	
Cash at bank and in hand		<u>1,665,097</u>		<u>1,560,925</u>	
		7,046,886		6,653,855	
Creditors amounts falling due within one year	11	<u>(2,837,740)</u>		<u>(3,453,790)</u>	
Net current assets		<u>4,209,146</u>		<u>3,200,065</u>	
Total assets less current liabilities		<u>4,820,914</u>		<u>3,837,905</u>	
Provisions for liabilities	12	<u>(58,492)</u>		<u>(29,959)</u>	
		<u>4,762,422</u>		<u>3,807,946</u>	
Capital and reserves					
Called up share capital	14	50,000		25,000	
Profit and loss account	15	<u>4,712,422</u>		<u>3,782,946</u>	
Shareholders' funds	16	<u>4,762,422</u>		<u>3,807,946</u>	

Approved by the Board and authorised for issue on 12 June 2012


S Wimbledon
Director

Company Registration No. 04477777

PLUMBCITY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		1,186,945		1,334,961
Returns on investments and servicing of finance				
Interest received	26,059		22,736	
Net cash inflow for returns on investments and servicing of finance		26,059		22,736
Taxation		(668,979)		(317,866)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(197,923)		(222,704)	
Payments to acquire investments	-		(1)	
Receipts from sales of tangible assets	44,320		23,100	
Net cash outflow for capital expenditure		(153,603)		(199,605)
Equity dividends paid		(275,000)		(250,000)
Net cash inflow before management of liquid resources and financing		115,422		590,226
Financing				
Repayment of other short term loans	(11,250)		(9,844)	
Net cash outflow from financing		(11,250)		(9,844)
Increase in cash in the year		104,172		580,382

PLUMBCITY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011	2010
		£	£
	Operating profit	1,697,759	1,604,150
	Depreciation of tangible assets	176,119	185,523
	Loss/(profit) on disposal of tangible assets	3,555	(2,358)
	Increase in stocks	(347,438)	(639,582)
	Decrease/(increase) in debtors	58,579	(228,835)
	(Decrease)/Increase in creditors within one year	(401,629)	416,063
	Net cash inflow from operating activities	1,186,945	1,334,961

2	Analysis of net funds	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,560,925	104,172	-	1,665,097
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(20,156)	11,250	-	(8,906)
	Net funds	1,540,769	115,422	-	1,656,191

3	Reconciliation of net cash flow to movement in net funds	2011	2010
		£	£
	Increase in cash in the year	104,172	580,382
	Cash outflow from decrease in debt	11,250	9,844
	Movement in net funds in the year	115,422	590,226
	Opening net funds	1,540,769	950,543
	Closing net funds	1,656,191	1,540,769

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	176,119	185,523
	Loss on disposal of tangible assets	3,555	-
	Operating lease rentals	246,897	203,380
	and after crediting		
	Profit on disposal of tangible assets	-	(2,358)
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	6,155	6,155
	Accountancy and taxation	9,558	10,030
		<u> </u>	<u> </u>
		15,713	16,185
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Bank interest	22,405	15,855
	Other interest	3,654	6,881
		<u> </u>	<u> </u>
		26,059	22,736
		<u> </u>	<u> </u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	472,001	464,372
	Adjustment for prior years	(6,193)	-
	Total current tax	<u>465,808</u>	<u>464,372</u>
	Deferred tax		
	Deferred tax charge	28,533	10,456
		<u>494,341</u>	<u>474,828</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,723,818</u>	<u>1,626,886</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	<u>448,193</u>	<u>455,528</u>
	Effects of		
	Non deductible expenses	11,950	4,037
	Depreciation add back	46,715	52,606
	Capital allowances	(43,643)	(45,874)
	Adjustments to previous periods	(6,193)	-
	Other tax adjustments	8,786	(1,925)
		<u>17,615</u>	<u>8,844</u>
	Current tax charge for the year	<u>465,808</u>	<u>464,372</u>
6	Dividends	2011 £	2010 £
	Ordinary interim paid	<u>275,000</u>	<u>250,000</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7 Tangible fixed assets

	Leasehold Improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2011	357,068	51,117	684,295	239,453	1,331,933
Additions	85,843	4,720	22,828	84,532	197,923
Disposals	-	-	-	(66,837)	(66,837)
At 31 December 2011	442,911	55,837	707,123	257,148	1,463,019
Depreciation					
At 1 January 2011	142,468	21,157	414,572	115,898	694,095
On disposals	-	-	-	(18,962)	(18,962)
Charge for the year	44,295	5,202	86,568	40,054	176,119
At 31 December 2011	186,763	26,359	501,140	136,990	851,252
Net book value					
At 31 December 2011	256,148	29,478	205,983	120,158	611,767
At 31 December 2010	214,601	29,960	269,723	123,555	637,839

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2011 & at 31 December 2011	1
Net book value	
At 31 December 2011	1
At 31 December 2010	1

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 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
Gallery Bathrooms Limited	Dormant	1	-

9 Stocks	2011 £	2010 £
Finished goods and goods for resale	2,802,105	2,454,667

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Debtors	2011 £	2010 £
Trade debtors	2,024,463	2,093,434
Other debtors	9,375	116,044
Prepayments and accrued income	545,846	428,785
	<u>2,579,684</u>	<u>2,638,263</u>

11 Creditors, amounts falling due within one year	2011 £	2010 £
Trade creditors	1,883,338	2,328,143
Corporation tax	261,201	464,372
Other taxes and social security costs	259,596	115,685
Directors' current accounts	122,006	274,133
Other creditors	49,059	20,296
Accruals and deferred income	262,540	251,161
	<u>2,837,740</u>	<u>3,453,790</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 2011	29,959
Profit and loss account	28,533
	<u>58,492</u>
Balance at 31 December 2011	

The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>58,492</u>	<u>29,959</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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.

	2011 £	2010 £
Contributions payable by the company for the year	6,500	6,813

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
250,000 Ordinary of 10p each	-	25,000
250,000 Ordinary 'A' of 10p each	25,000	-
250,000 Ordinary 'B' of 10p each	25,000	-
	50,000	25,000

On the 31 October 2011 a ordinary resolution was passed redesignating the 250,000 ordinary shares of £0.10 in issue to 250,000 ordinary 'A' shares in their entirety. At the same time the company paid a bonus issue of 250,000 ordinary 'B' shares of £0.10 on a one for one basis to existing share holders.

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	3,782,945
Profit for the year	1,229,477
Bonus issue of shares	(25,000)
Dividends paid	(275,000)
Balance at 31 December 2011	4,712,422

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

16 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	1,229,477	1,152,058
Dividends	(275,000)	(250,000)
Net addition to shareholders' funds	954,477	902,058
Opening shareholders' funds	3,807,946	2,905,888
Closing shareholders' funds	4,762,422	3,807,946

17 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings	
	2011 £	2010 £
Operating leases which expire		
Between two and five years	51,000	51,000
In over five years	246,276	213,180
	297,276	264,180

18 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	92,975	95,400
Company pension contributions to defined contribution schemes	4,500	4,250
	97,475	99,650

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 1)

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

19 Employees

Number of employees

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

	2011 Number	2010 Number
Management	13	13
Administration	20	20
Staff	36	27
	<u>69</u>	<u>60</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,583,343	1,374,654
Social security costs	192,176	159,794
Other pension costs	6,500	6,813
	<u>1,782,019</u>	<u>1,541,261</u>

20 Control

The company is controlled by P Manby

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

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	-	241,875	-	-	(135,000)	106,875
G Eldred - Loan from director	-	32,258	-	-	(18,000)	14,258
S Wimbledon - Loan to director	4.00	(109,844)	(19,283)	(2,294)	132,294	873
		<u>164,289</u>	<u>(19,283)</u>	<u>(2,294)</u>	<u>(20,706)</u>	<u>122,006</u>

Included in other creditors is a loan from R G Nash (a shareholder) of £8,906 (2010 - £20,156) 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

	2011 £	2010 £
P Manby	165,000	150,000
G Eldred	22,000	20,000
S Wimbledon	68,750	62,500
	<u>255,750</u>	<u>232,500</u>