

UTOPIA GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

THURSDAY



ARRUSLJI

A53

21/12/2006

7

COMPANIES HOUSE

Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

THUR



A3WWDL58

A23

07/12/2006

113

COMPANIES HOUSE

UTOPIA GROUP LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Cash Flow Statement	9 to 10
Notes to the Financial Statements	11 to 20

UTOPIA GROUP LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

DIRECTORS:

Mr D W Conn
Mr I W Hall

SECRETARY:

Mr D W Conn

REGISTERED OFFICE:

Utopia House
Springvale Avenue
Springvale Business Park
Bilston
Wolverhampton
WV14 OQL

REGISTERED NUMBER:

05479695 (England and Wales)

AUDITORS:

Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

UTOPIA GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

The directors present their report with the financial statements of the company and the group for the period 13th June 2005 to 30th June 2006.

COMMENCEMENT OF TRADING

The company was incorporated on 13th June 2005 and commenced trading on 10th August 2005.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of the manufacture of bathroom furniture.

The principal activity of the company was that of a holding company.

The principal activities of the subsidiary undertakings are as shown in the notes to these financial statements.

On 9th September 2005 the company changed its name from Cobco 693 Limited to Utopia Group Limited.

REVIEW OF BUSINESS

The results for the period and financial position of the company and the group are as shown in the annexed financial statements.

On 10th August 2005 the group was subject to a restructuring and assets amounting to £643,933 were distributed in specie to Utopia Group Limited, which became the new holding company of the group.

The directors are satisfied with the group's performance for the period.

The group has followed its core policy of re-investing into high-tech advanced machinery and equipment together with the development of highly skilled personnel crucial to its expansion and profitability objectives.

It is the anticipation of the directors, that with the expected significant growth into new markets, the group will continue as a brand leader in the bathroom furniture industry.

DIVIDENDS

During the period dividends of £200,000 were distributed.

RESEARCH AND DEVELOPMENT

The group is continuing to develop and advance its own bespoke computer software system to further enhance the group's performance in the future.

DIRECTORS

The directors during the period under review were:

Mr D W Conn	- appointed 4.7.05
Mr I W Hall	- appointed 4.7.05

The beneficial interests of the directors holding office on 30th June 2006 in the issued share capital of the company were as follows:

	30.6.06	at date of appointment
Ordinary £1 shares		
Mr D W Conn	450,000	-
Mr I W Hall	450,000	-

Both the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

EMPLOYEES

The group also encourages employees to bring forward any ideas to further enhance the capabilities of the group's performance.

The group adopts a policy of training its employees to ensure production and group efficiency.

UTOPIA GROUP LIMITED

**REPORT OF THE DIRECTORS
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

DISABLED EMPLOYEES

The group gives full consideration to the applications for employment by disabled persons.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

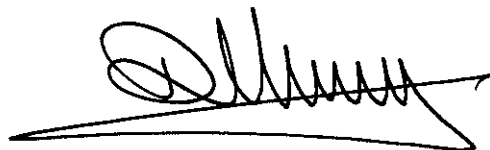
AUDITORS

The auditors, Ormerod Rutter Limited, have indicated their willingness to accept reappointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Mr D W Conn - Secretary

24th August 2006



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UTOPIA GROUP LIMITED

We have audited the financial statements of Utopia Group Limited for the period ended 30th June 2006 on pages five to twenty. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 30th June 2006 and of the profit of the group for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Ormerod Rutter Ltd.

Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

24th August 2006

UTOPIA GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

	Notes	£	£
TURNOVER	2		18,592,053
Cost of sales			10,417,049
GROSS PROFIT			8,175,004
Administrative expenses			6,079,758
			2,095,246
Other operating income			5,343
OPERATING PROFIT	4		2,100,589
Income from shares in group undertakings	5	643,933	
Interest receivable and similar income		18,180	
			662,113
			2,762,702
Interest payable and similar charges	6		33,583
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			2,729,119
Tax on profit on ordinary activities	7		631,697
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			2,097,422
Minority interest - equity			(17,722)
RETAINED PROFIT FOR THE PERIOD FOR THE GROUP			2,115,144

CONTINUING OPERATIONS

All of the group's activities were acquired during the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the current period.

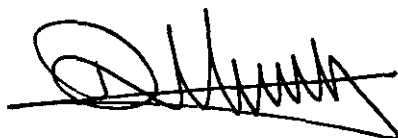
The notes form part of these financial statements

UTOPIA GROUP LIMITED
CONSOLIDATED BALANCE SHEET
30TH JUNE 2006

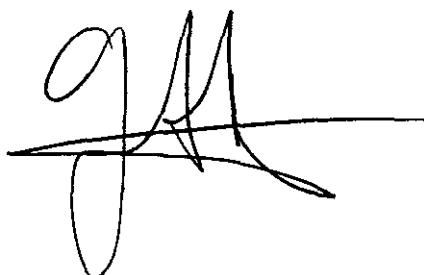
	Notes	£	£
FIXED ASSETS			
Intangible assets	10		2,242
Tangible assets	11		2,644,758
Investments	12		-
			<hr/>
			2,647,000
 CURRENT ASSETS			
Stocks	13	1,826,516	
Debtors	14	4,669,494	
Cash at bank and in hand		834,641	
		<hr/>	
		7,330,651	
 CREDITORS			
Amounts falling due within one year	15	3,837,656	
		<hr/>	
 NET CURRENT ASSETS			3,492,995
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,139,995
 CREDITORS			
Amounts falling due after more than one year	16		(308,270)
 PROVISIONS FOR LIABILITIES	18		(10,686)
 MINORITY INTERESTS	19		11,150
			<hr/>
NET ASSETS			5,832,189
			<hr/>
 CAPITAL AND RESERVES			
Called up share capital	20		900,000
Profit and loss account	21		4,932,189
			<hr/>
SHAREHOLDERS' FUNDS	25		5,832,189
			<hr/>

The financial statements were approved by the Board of Directors on 24th August 2006 and were signed on its behalf by:

Mr D W Conn - Director



Mr I W Hall - Director



The notes form part of these financial statements

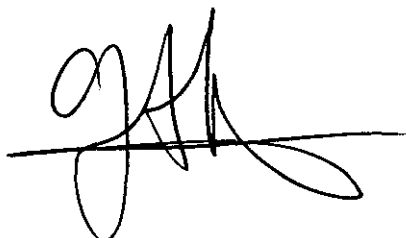
UTOPIA GROUP LIMITED

**COMPANY BALANCE SHEET
30TH JUNE 2006**

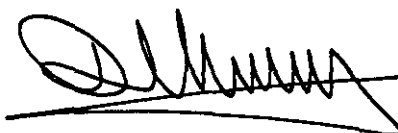
	Notes	£	£
FIXED ASSETS			
Intangible assets	10		-
Tangible assets	11		5,136
Investments	12		981,766
			<hr/>
			986,902
 CURRENT ASSETS			
Debtors	14	160,087	
Cash at bank		315,606	
		<hr/>	
		475,693	
 CREDITORS			
Amounts falling due within one year	15	269,489	
		<hr/>	
 NET CURRENT ASSETS			206,204
			<hr/>
 TOTAL ASSETS LESS CURRENT LIABILITIES			1,193,106
			<hr/> <hr/>
 CAPITAL AND RESERVES			
Called up share capital	20		900,000
Profit and loss account	21		293,106
			<hr/>
 SHAREHOLDERS' FUNDS	25		1,193,106
			<hr/> <hr/>

The financial statements were approved by the Board of Directors on 21st August 2006 and were signed on its behalf by:

Mr I W Hall - Director



Mr D W Conn - Director



The notes form part of these financial statements

UTOPIA GROUP LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

	Notes	£	£
Net cash inflow from operating activities	1		3,037,426
Returns on investments and servicing of finance	2		628,530
Taxation			(520,875)
Capital expenditure	2		(3,484,661)
Equity dividends paid			(200,000)
			<u>(539,580)</u>
Financing	2		<u>1,374,221</u>
Increase in cash in the period			<u><u>834,641</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		834,641	
Cash inflow from increase in debt and lease financing		<u>(471,739)</u>	
Change in net debt resulting from cash flows			<u>362,902</u>
Movement in net debt in the period			362,902
Net debt at 13th June			<u>-</u>
Net funds at 30th June			<u><u>362,902</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	2,100,589
Depreciation charges	840,558
Profit on disposal of fixed assets	(2,897)
Goodwill written off on acquisition	2,777,045
Unrealised gain on loan notes	240,000
Deferred tax acquired on acquisition	7,501
Movement in minority interest	6,572
Increase in stocks	(1,826,516)
Increase in debtors	(4,671,976)
Increase in creditors	3,566,550
Net cash inflow from operating activities	<u><u>3,037,426</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest received	18,180
Interest paid	(11,966)
Interest element of hire purchase payments	(21,617)
Dividends received	643,933
Net cash inflow for returns on investments and servicing of finance	<u><u>628,530</u></u>
 Capital expenditure	
Purchase of intangible fixed assets	(6,558)
Purchase of tangible fixed assets	(3,537,747)
Sale of tangible fixed assets	59,644
Net cash outflow for capital expenditure	<u><u>(3,484,661)</u></u>
 Financing	
Hire purchase	471,739
Amount withdrawn by directors	2,482
Share issue	900,000
Net cash inflow from financing	<u><u>1,374,221</u></u>

UTOPIA GROUP LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 13.6.05 £	Cash flow £	At 30.6.06 £
Net cash:			
Cash at bank and in hand	-	834,641	834,641
	-	834,641	834,641
Debt:			
Hire purchase	-	(471,739)	(471,739)
	-	(471,739)	(471,739)
Total	-	362,902	362,902

4. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

Net assets acquired :	
Investment in subsidiaries	981,766
Tangible fixed assets	13,207
Loan notes	60,000
Cash at bank	(2,577)
Inter company accounts	562,612
Creditors	(201,112)
Debtors	130,037
	<u>£1,543,933</u>
Satisfied by :	
Issue of shares	900,000
Distribution in specie	643,933
	<u>£1,543,933</u>

The subsidiary undertakings acquired during the period contributed £3,073,199 to the group's net operating cash flows, paid £14,837 in respect of net returns on investments and servicing of finance, paid £523,417 in respect of taxation, utilised £2,489,688 in respect of capital expenditure, and introduced £473,778 in respect of financing.

UTOPIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. There were no material departures from those standards.

Basis of consolidation

The financial statements consolidate the results of Utopia Group Limited and its subsidiaries using the acquisition method of accounting. All intra group transactions and balances are eliminated on consolidation.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on cost and 2 to 40 years on cost
Fixtures and fittings	- 33% on cost and 3 to 10 years on cost
Motor vehicles	- 25% on cost
Computer equipment	- 50% on cost, 33% to 50% on cost and over remaining life of software

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

Goodwill

Goodwill on acquisition is written off to reserves.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

1. ACCOUNTING POLICIES - continued

Investments

Investments in subsidiaries are included at cost less any impairment considered necessary.

Intangible assets

Intangible assets include development costs which are trademarks, now fully depreciated, and computer software costs, which are website development costs, being amortised over their expected useful life of three years. Impairment reviews are carried out on the value of all intangible assets.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

3. STAFF COSTS

	£
Wages and salaries	5,163,981
Social security costs	416,386
Other pension costs	82,891
	<hr/>
	5,663,258
	<hr/>

The average monthly number of employees during the period was as follows:

Production	209
Administration	72
	<hr/>
	281
	<hr/>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	£
Hire of plant and machinery	18,292
Depreciation - owned assets	735,401
Depreciation - assets on hire purchase contracts	100,841
Profit on disposal of fixed assets	(2,897)
Development costs amortisation	578
Computer software amortisation	3,738
Auditors' remuneration	14,222
Auditors' remuneration for non audit work	75,215
	<hr/>
Directors' emoluments	687,545
Directors' pension contributions to money purchase schemes	33,273
	<hr/>

Information regarding the highest paid director is as follows:

	£
Emoluments etc	136,941
Pension contributions to money purchase schemes	2,956
	<hr/>

UTOPIA GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006****5. INCOME FROM INVESTMENTS**

Income from shares in group undertakings represents a distribution in specie from Utopia Group Limited, the previous holding company of the group, and arose on the restructuring of the group on 10th August 2005.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	8,322
Factoring interest	3,644
Hire purchase interest	21,617
	<hr/>
	33,583
	<hr/>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	629,577
Under/over provision	(1,065)
	<hr/>
Total current tax	628,512
Deferred tax	3,185
	<hr/>
Tax on profit on ordinary activities	631,697
	<hr/>

UK corporation tax has been charged at 30%.

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £493,106.

9. DIVIDENDS

	£
Equity shares:	
Interim	200,000
	<hr/>

UTOPIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

10. INTANGIBLE FIXED ASSETS

Group	Development costs £	Computer software £	Totals £
COST			
Additions	578	5,980	6,558
At 30th June 2006	578	5,980	6,558
AMORTISATION			
Amortisation for period	578	3,738	4,316
At 30th June 2006	578	3,738	4,316
NET BOOK VALUE			
At 30th June 2006	-	2,242	2,242

11. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
Additions	3,022,978	80,343	61,668	372,758	3,537,747
Disposals	(469,532)	-	-	(46,127)	(515,659)
At 30th June 2006	2,553,446	80,343	61,668	326,631	3,022,088
DEPRECIATION					
Charge for period	635,364	11,980	22,332	166,566	836,242
Eliminated on disposal	(415,295)	-	-	(43,617)	(458,912)
At 30th June 2006	220,069	11,980	22,332	122,949	377,330
NET BOOK VALUE					
At 30th June 2006	2,333,377	68,363	39,336	203,682	2,644,758

The net book value of tangible fixed assets includes £693,481 in respect of assets held under hire purchase contracts.

UTOPIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

11. TANGIBLE FIXED ASSETS - continued

Company

	Computer equipment £
COST	
Additions	13,207
At 30th June 2006	<u>13,207</u>
DEPRECIATION	
Charge for period	8,071
At 30th June 2006	<u>8,071</u>
NET BOOK VALUE	
At 30th June 2006	<u><u>5,136</u></u>

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	981,766
At 30th June 2006	<u>981,766</u>
NET BOOK VALUE	
At 30th June 2006	<u><u>981,766</u></u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Utopia Furniture Limited

Country of incorporation: England & Wales

Nature of business: Manufacture of bathroom furniture

Class of shares:	%
Ordinary A	holding 100.00

Aggregate capital and reserves	£ 6,129,857
Profit for the period	<u><u>2,402,356</u></u>

UTOPIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

12. FIXED ASSET INVESTMENTS - continued

Dominion Plumbing Supplies Limited

Country of incorporation: England & Wales
Nature of business: Dormant

	%	
Class of shares:	holding	
Ordinary	100.00	
Aggregate capital and reserves		£ (204,757)

Utopia Bathrooms Limited

Country of incorporation: England & Wales
Nature of business: Dormant

	%	
Class of shares:	holding	
Ordinary	100.00	
Aggregate capital and reserves		£ 1

Kidsville Limited

Country of incorporation: England & Wales
Nature of business: Dormant

	%	
Class of shares:	holding	
Ordinary	100.00	
Aggregate capital and reserves		£ (40,237)

Barrhead International Limited

Country of incorporation: Scotland
Nature of business: Holding company

	%	
Class of shares:	holding	
Ordinary A	97.77	
Ordinary C	100.00	
Aggregate capital and reserves		£ (198,620)
Loss for the period		(666,000)

The company has a controlling interest in Barrhead Sanitary Ware Limited through its holding in Barrhead International Limited. Barrhead Sanitary Ware Limited is involved in the manufacture and sale of sanitaryware. Its aggregate capital and reserves amounted to £(236,546) and its loss for the year £(749,336).

UTOPIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

13. STOCKS

	Group
	£
Raw materials	1,021,944
Work-in-progress	429,698
Finished goods	374,874
	<hr/>
	1,826,516
	<hr/>

In the opinion of the directors the replacement cost of stock is not materially different from cost.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company
	£	£
Trade debtors	3,769,283	-
Amounts owed by group undertakings	-	59,295
Amounts owed by participating interests	5,190	100
Other debtors	119,568	60,000
VAT	9,614	40,692
Prepayments and accrued income	765,839	-
	<hr/>	<hr/>
	4,669,494	160,087
	<hr/>	<hr/>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company
	£	£
Hire purchase contracts (see note 17)	163,469	-
Trade creditors	2,346,423	238,845
Tax	107,637	-
Social security and other taxes	577,129	22,803
Other creditors	121,179	-
Directors' current accounts	443	443
Accruals and deferred income	521,376	7,398
	<hr/>	<hr/>
	3,837,656	269,489
	<hr/>	<hr/>

Any bank overdrafts or loans are secured by a debenture and inter company guarantee.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group
	£
Hire purchase contracts (see note 17)	308,270
	<hr/>

UTOPIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006**

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts £
Net obligations repayable:	
Within one year	163,469
Between one and five years	308,270
	<u>471,739</u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings £	Other operating leases £
Expiring:		
Within one year	-	19,108
Between one and five years	836,636	265,962
	<u>836,636</u>	<u>285,070</u>

18. PROVISIONS FOR LIABILITIES

	Group £
Deferred tax	<u>10,686</u>

Group

	Deferred tax £
Arising on distribution	7,501
Profit and loss account	3,185
	<u>10,686</u>

19. MINORITY INTERESTS

Minority interests relate to 1,000 ordinary A shares in Barrhead International Limited, and 87,422 ordinary shares in Barrhead Sanitary Ware Limited.

UTOPIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

20. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
1,500,000	Ordinary	£1	<u>1,500,000</u>

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
900,000	Ordinary	£1	<u>900,000</u>

The following shares were allotted and fully paid for cash at par during the period:

900,000 Ordinary shares of £1 each

21. RESERVES

Group	Profit and loss account £
Profit for the period	2,115,144
Dividends	(200,000)
Goodwill on acquisition	2,777,045
Unrealised gain on loan notes	240,000
At 30th June 2006	<u>4,932,189</u>

Company	Profit and loss account £
Profit for the period	493,106
Dividends	(200,000)
At 30th June 2006	<u>293,106</u>

22. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Pension contributions for the period amounted to £139,013. Accrued pension contributions amounted to £10,728 at the year end.

UTOPIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 13TH JUNE 2005 TO 30TH JUNE 2006

23. CONTINGENT LIABILITIES

The company has entered into a put and call option agreement to acquire the remaining 1,000 ordinary A shares in Barrhead International Limited on 30th June 2007.

The payment is not expected to exceed £125,000.

A bank overdraft facility has been guaranteed by Utopia Group Limited, Utopia Furniture Limited, Dominion Plumbing Supplies Limited, Barrhead Sanitary Ware Limited, Barrhead International Limited, Utopia Bathrooms Limited and Kidsville Limited. At 30th June 2006 the net amount outstanding on this facility was £nil.

24. CAPITAL COMMITMENTS

Contracted but not provided for in the financial statements

£

27,516

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

Profit for the financial period
Dividends

£

2,115,144
(200,000)

1,915,144

Issue of shares
Goodwill written off on acquisition
Unrealised gain on loan notes

900,000
2,777,045
240,000

Net addition to shareholders' funds
Opening shareholders' funds

5,832,189
-

Closing shareholders' funds

5,832,189

Equity interests

5,832,189

Company

Profit for the financial period
Dividends

£

493,106
(200,000)

293,106

Issue of shares

900,000

Net addition to shareholders' funds
Opening shareholders' funds

1,193,106
-

Closing shareholders' funds

1,193,106

Equity interests

1,193,106

26. COMPARATIVES

This is the group's first period of trade and there are no comparatives.