

Utopia Group Limited

Annual report and financial statements
for the year ended 30 June 2007

Registered number 05479695

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Utopia Group Limited

Annual report and financial statements for the year ended 30 June 2007

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Utopia Group Limited

Directors and advisors for the year ended 30 June 2007

Directors

Mr D Conn
Mr I Hall
Mr S Cox
Ms T Eaton
Mrs L Green
Mrs J Brooke

Secretary

Ms T Eaton

Registered office

Utopia House
Springvale Avenue
Springvale Business Park
Bilston
Wolverhampton
WV14 OQL

Independent auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

The Royal Bank of Scotland plc
Colmore Row Branch
79/83 Colmore Row
Birmingham
B3 2AP

Utopia Group Limited

Directors' report for the year ended 30 June 2007

The directors present their annual report with the audited consolidated financial statements of the group for the year ended 30 June 2007

Principal activity

The principal activity of the group in the year under review was that of the manufacture of bathroom furniture. The principal activity of the company was that of a holding company.

Review of business

The year ended 30 June 2007 has seen turnover growth of 16%, with operating margins falling from 11% in 2006 to 9% in 2007. The group has changed ownership through a management buy out in September 2007, and has subsequently commenced diversifying its product ranges.

The management team plan to build a significant bathroom business using the solid foundation that has been built during the last 18 years. The growth plan focuses on a combination of increasing revenue from existing customers via new product introductions and also increasing the display base in retail stores. In addition, new major customers are in the process of being targeted from other market sectors, UK housing developers and national builders merchants. The management team plan to build a bathroom group that focuses on supplying specific product groups across a wider section of the bathroom market at the mid/upper end of the market place.

The current financial year performance of the group has been impacted by the delay in the completion of the management buy out and the downturn in market activity, however, revenues have been maintained inline with prior year as new business won has more than offset a loss in market share. The introduction of the new modular furniture range will provide a new revenue stream and to date has been extremely well received by the 150 customers the group has approached. Early 2008 will see the remaining 250 customers presented with this new range. Long term trading agreements have been signed with several new and exciting customers.

Results and dividends

The group's retained profit for the financial year is £1,391,406 (2006 £2,115,144). The group have adopted FRS20 'Share based payments' during the current year and this has resulted in a one-off charge to the profit and loss account of £76,824 (2006 £nil).

No dividends were paid or proposed during the year ended 30 June 2007 (2006 £200,000).

Utopia Group Limited

Directors' report for the year ended 30 June 2007 (continued)

Key performance indicators (KPIs)

Given the straight forward nature of the business, the group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The directors have not disclosed the group's financial risk management objectives and policies nor the group's exposure to price risk, credit risk, liquidity risk and cash flow risk as such information is not considered material for the assessment of the group's assets, liabilities and financial position at the year end

Directors

The directors during the year ended 30 June 2007, and subsequently, were

Mr S Cox	(appointed 26 September 2007)
Ms T Eaton	(appointed 26 September 2007)
Mrs L Green	(appointed 26 September 2007)
Mrs J Brooke	(appointed 26 September 2007)
Mr D Conn	(resigned 26 September 2007)
Mr I Hall	(resigned 26 September 2007)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through the in-house newspaper, newsletters and briefing groups.

Disabled employees

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

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to the competition from both national and independent retailers, employee retention, and product availability.

Utopia Group Limited

Directors' report for the year ended 30 June 2007 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he 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 company's auditors are aware of that information.

Utopia Group Limited

Directors' report for the year ended 30 June 2007 (continued)

Auditors

During the period Omerod Rutter Limited resigned as auditors and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

On behalf of the board,



Ms T Eaton
Secretary
8th June 2008

Independent auditors' report to the members of Utopia Group Limited

We have audited the group and parent company financial statements (the "financial statements") of Utopia Group Limited for the year ended 30 June 2007 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 the group's and the parent company's affairs as at 30 June 2007 and of the group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
13 June 2008

Utopia Group Limited

Consolidated profit and loss account for the year ended 30 June 2007

		Year ended 30 June 2007	54 week period ended 30 June 2006
	Note	£	£
Turnover	2	21,515,299	18,592,053
Cost of sales		(11,175,349)	(9,311,135)
Gross profit		10,339,950	9,280,918
Administrative expenses		(7,270,684)	(6,074,415)
Selling and distribution expenses		(1,092,814)	(1,105,914)
Operating profit	5	1,976,452	2,100,589
Income from shares in group undertakings	6	-	643,933
Interest receivable and similar income – bank interest		3,067	18,180
Interest payable and similar charges	7	(23,002)	(33,583)
Profit on ordinary activities before taxation		1,956,517	2,729,119
Tax charge on profit on ordinary activities	8	(589,839)	(631,697)
Profit for the financial year/period after taxation		1,366,678	2,097,422
Minority interest - equity		24,728	17,722
Retained profit for the year/period	22	1,391,406	2,115,144

The accompanying notes on pages 11 to 31 are an integral part of the financial statements All activities relate to continuing operations for both financial years

There is no difference between the profit on ordinary activities before taxation and the profit as stated above and their historical cost equivalents

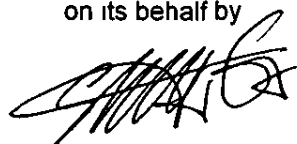
The group had no recognised gains or losses in either year other than the retained profit for the financial year/period as stated above

Utopia Group Limited

Consolidated balance sheet as at 30 June 2007

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	11	130,102	2,242
Tangible assets	12	2,703,081	2,644,758
		2,833,183	2,647,000
Current assets			
Stocks	14	2,044,869	1,826,516
Debtors	15	5,707,588	4,669,494
Cash at bank and in hand		1,242,676	834,641
		8,995,133	7,330,651
Creditors: amounts falling due within one year	16	(4,257,652)	(3,837,656)
Net current assets		4,737,481	3,492,995
Total assets less current liabilities		7,570,664	6,139,995
Creditors: amounts falling due after more than one year	17	(370,947)	(308,270)
Provisions for liabilities and charges	19	(15,000)	(10,686)
Minority interests	20	24,728	11,150
Net assets		7,209,445	5,832,189
Capital and reserves			
Called up share capital	21	900,000	900,000
Profit and loss reserve	22	6,309,445	4,932,189
Total shareholders' funds	26	7,209,445	5,832,189

The financial statements were approved by the Board of Directors on 8th June 2008 and were signed on its behalf by



Mr S Cox
Director

Utopia Group Limited

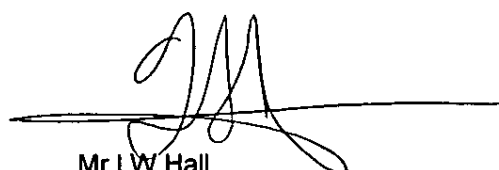
Company balance sheet as at 30 June 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	12	-	5,136
Investments	13	1,712,497	981,766
		1,712,497	986,902
Current assets			
Debtors	15	1,105,952	160,087
Cash at bank and in hand		-	315,606
		1,105,952	475,693
Creditors: amounts falling due within one year	16	(1,536,454)	(269,489)
Net current (liabilities)/assets		(430,502)	206,204
Total assets less current liabilities		1,281,995	1,193,106
Creditors: amounts falling due after more than one year	17	(76,824)	-
Net assets		1,205,171	1,193,106
Capital and reserves			
Called-up share capital	21	900,000	900,000
Profit and loss reserve	22	305,171	293,106
Total shareholders' funds	26	1,205,171	1,193,106

The financial statements were approved by the Board of Directors on 8th June 2008 and were signed on its behalf by



Mr S Cox
Director



Mr I W Hall
Director

Utopia Group Limited

Cash flow statement for the year/period ended 30 June 2007

		Year ended 30 June 2007	54 week period ended 30 June 2006
	Note	£	£
Net cash inflow from operating activities	28	2,981,031	3,037,426
Returns of investments and servicing of finance	29	(19,935)	628,530
Taxation		(706,506)	(520,875)
Capital expenditure	29	(999,909)	(3,484,661)
Equity dividends paid		-	(200,000)
		1,254,681	(539,580)
Financing	29	(846,646)	1,374,221
Increase in the cash in the year/period	30	408,035	834,641
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year/period		408,035	834,641
Cash (outflow)/inflow from decrease/increase in debt and lease financing		10,874	(471,739)
Change in net debt resulting from cash flows	30	418,909	362,902
Movement in net debt in the year/period			
Net funds at 30 June 2006		362,902	-
Net funds at 30 June 2007	30	781,811	362,902

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements except for the full adoption of FRS 20 'Share based payments' during the year. There is no adjustment required to be made to opening shareholders' funds at 1 July 2006 as a result of the adoption of this new standard.

Basis of consolidation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and in accordance with applicable financial accounting and reporting standards in the United Kingdom.

The financial statements consolidate the results of Utopia Group Limited and its subsidiaries using the acquisition method of accounting. Any intra group transactions and balances are eliminated on consolidation. All subsidiary undertakings have a year end of 30 June. The comparative financial results presented are for the 54 week period ended 30 June 2006.

Turnover

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

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
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 50% on cost

Intangible assets

Intangible assets include development costs comprising trademarks, computer software costs and website development costs. These are being amortised over their expected useful life of ten years. Impairment reviews are carried out on the value of all intangible assets.

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.

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

1 Accounting policies (continued)

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

A net deferred tax asset is 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 measured on a non-discounted basis

Foreign currencies

Monetary 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 operating profit

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 year are charged in the profit and loss account (see note 23)

Goodwill

Goodwill on acquisition is capitalised and amortised over a maximum period of 20 years, being the expected life from which the group will benefit from the acquisition

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

1 Accounting policies (continued)

Investments

Investments in subsidiaries are included at cost less any provisions for impairment which are considered necessary

2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group. An analysis of turnover by geographical destination markets is given below

	2007	2006
	£	£
United Kingdom	21,445,622	18,401,503
Europe	41,796	63,779
Outside Europe	27,881	126,771
	21,515,299	18,592,053

3 Staff costs

	2007	2006
	£	£
Wages and salaries	6,084,625	5,163,981
Social security costs	586,617	416,386
Other pension costs (See note 23)	190,971	82,891
Cost of employee share schemes	76,824	-
	6,939,037	5,663,258

The Enterprise Management Incentives Option (EMI) was introduced in July 2006. Under the EMI, the directors granted options over shares in the company to employees in the group. Options are granted with a fixed exercise price of £7.16. The contractual life of an option is 10 years. Awards under the EMI are generally reserved for employees at senior management level and above. The company has made one grant of 38,407 options. Options granted under the EMI are exercisable from 31 July 2006. Exercise of an option is subject to 10 years continued employment. A charge of £76,824 (£2 per share) has been made in the year, reflecting the fair value of the awards given. The fair value has been calculated using the Black Scholes Model.

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

3 Staff costs (continued)

The average monthly number of employees (including directors) during the year/period was as follows

	2007	2006
	Number	Number
Production	213	209
Administration	71	72
	284	281

4 Directors emoluments

	2007	2006
	£	£
Aggregate emoluments	671,564	687,545
Pension contributions to money purchase pension schemes	49,385	33,273
	720,949	720,818

Retirement benefits are accruing to 5 (2006: 8) directors under a money purchase pension scheme

	2007	2006
	£	£
Highest paid director		
Aggregate emoluments	117,884	136,941
Pension contributions to money purchase pension schemes	6,480	2,956
	124,364	139,897

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

5 Operating profit

The operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Hire of plant and machinery	178,105	184,271
Operating lease rentals – other (including land and buildings)	101,541	89,760
Depreciation of tangible fixed assets – owned assets (see note 12)	691,512	735,401
– leased assets (see note 12)	174,774	100,841
Amortisation of goodwill (see note 11)	2,000	-
Amortisation of development costs (see note 11)	507	578
Amortisation of computer software costs (see note 11)	2,242	3,738
Loss/(profit) on disposal of fixed assets	62,556	(2,897)
Services provided by the company's auditor – fees payable for the audit	24,000	-
Services provided by the previous company auditor:		
Audit fees	-	14,222
Tax compliance	10,815	75,215

6 Income from shares in group undertakings

Income from shares in group undertakings in the previous year of £643,933 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 10 August 2005

7 Interest payable and similar charges

	2007	2006
	£	£
Bank interest	-	8,322
Factoring interest	-	3,644
Hire purchase interest	23,002	21,617
	23,002	33,583

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

8 Taxation

Analysis of tax charge

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

	2007	2006
	£	£
Current tax		
UK corporation tax	669,706	629,577
Over provision in respect of prior periods	(39,897)	(1,065)
Total current tax	629,809	628,512
Deferred tax (See note 19)	(39,970)	3,185
Tax on profit on ordinary activities	589,839	631,697

Factors affecting the tax charge

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK. The difference is explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	1,956,517	2,729,119
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	586,955	818,736
Effects of		
Expenses not deductible for tax purposes	52,174	66,712
Origination and reversal of timing differences	34,121	(70,799)
Non taxable income	-	(193,180)
Other timing differences	(3,545)	8,108
Over provision in respect of prior years	(39,897)	(1,065)
Current tax charge	629,809	628,512

Factors affecting future tax charge

The standard rate of corporation tax in the UK changes to 28% with effect from the 1 April 2008

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

9 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 £12,065 (2006 £493,106)

10 Dividends

	2007	2006
	£	£
Equity shares:		
Interim – nil (2006 £0.22 per ordinary share)	-	200,000

11 Intangible fixed assets

	Purchased goodwill	Development costs	Computer software	Total
	£	£	£	£
Cost				
At 30 June 2006	-	5,233	5,980	11,213
Additions (see note 27)	125,000	7,609	-	132,609
At 30 June 2007	125,000	12,842	5,980	143,822
Accumulated amortisation				
At 30 June 2006	-	5,233	3,738	8,971
Charge for the year (see note 5)	2,000	507	2,242	4,749
At 30 June 2007	2,000	5,740	5,980	13,720
Net book value				
At 30 June 2007	123,000	7,102	-	130,102
At 30 June 2006	-	-	2,242	2,242

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

12 Tangible fixed assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 30 June 2006	7,928,502	915,902	132,696	427,331	9,404,431
Additions	970,496	33,423	24,258	34,123	1,062,300
Disposals	(328,300)	(11,974)	(40,367)	(29,962)	(410,603)
At 30 June 2007	8,570,698	937,351	116,587	431,492	10,056,128
Depreciation					
At 30 June 2006	5,595,125	727,425	93,360	343,763	6,759,673
Depreciation (see note 5)	680,978	95,667	18,037	71,604	866,286
Disposals	(216,730)	(6,984)	(28,765)	(20,433)	(272,912)
At 30 June 2007	6,059,373	816,108	82,632	394,934	7,353,047
Net book value					
At 30 June 2007	2,511,325	121,243	33,955	36,558	2,703,081
At 30 June 2006	2,333,377	188,477	39,336	78,433	2,644,758

The net book value of tangible fixed assets includes £758,595 (2006 £693,481) in respect of assets held under hire purchase contracts

Company	Computer equipment £
Cost	
At 30 June 2006 and 30 June 2007	13,207
Depreciation	
At 30 June 2006	8,071
Charge for year	5,136
At 30 June 2007	13,207
Net book value	
At 30 June 2007	-
At 30 June 2006	5,136

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

13 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 30 June 2006	981,766
Additions	2,401,548
At 30 June 2007	3,383,314
Impairment	
At 30 June 2006	-
Charge in the year	1,670,817
At 30 June 2007	1,670,817
Net book value	
At 30 June 2007	1,712,497
At 30 June 2006	981,766

The directors have performed a review of the carrying value of the company's investments at the year end. Following this review, an impairment write down of £1,670,817 (2006: £nil) was made in respect of Barrhead Sanitary Ware Limited due to a review of the current performance of the company.

During the year, an intercompany balance between the company and Barrhead Sanitary Ware Limited of £2,276,548 was capitalised and is included within additions above.

The company also paid £125,000 to acquire the minority interest in Barrhead International Limited.

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

13 Fixed asset investments (continued)

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

Utopia Furniture Limited

Country of incorporation England & Wales

Nature of business Manufacture of bathroom furniture

	% holding	£
Class of shares		
Ordinary A	100 00	
Aggregate capital and reserves		6,617,321
Profit for the year		487,464

Dominion Plumbing Supplies Limited

Country of incorporation England & Wales

Nature of business Dormant

	% holding	£
Class of shares		
Ordinary	100 00	
Aggregate capital and reserves		5,004

Utopia Bathrooms Limited

Country of incorporation England & Wales

Nature of business Dormant

	% holding	£
Class of shares		
Ordinary	100 00	
Aggregate capital and reserves		1

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

13 Fixed asset investments (continued)

Kidsville Limited

Country of incorporation England & Wales

Nature of business Dormant

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

Barrhead International Limited

Country of incorporation Scotland

Nature of business Holding company

	% holding	£
Class of shares		
Ordinary A	97.77	
Ordinary C	100.00	
Aggregate capital and reserves		41,380
Profit for the year		240,000

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 sanitary ware. Its aggregate capital and reserves amounted to £340,426 and its loss for the year was £1,033,326.

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

14 Stocks

	2007	2006
	£	£
Raw materials	1,179,576	1,021,944
Work in progress	224,691	429,698
Finished goods	640,602	374,874
	2,044,869	1,826,516

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

15 Debtors: amounts falling due within one year

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Trade debtors	4,021,484	3,769,283	-	-
Amounts owed by group undertakings	-	-	348,979	59,295
Amounts owed by participating interests	529,067	5,190	524,067	100
Other debtors	127,336	129,182	232,906	100,692
Prepayments and accrued income	1,000,417	765,839	-	-
Deferred tax asset (see note 19)	29,284	-	-	-
	5,707,588	4,669,494	1,105,952	160,087

Amounts owed by participating interests predominately relate to amounts owned by the principal directors, Mr I Hall and Mr D Conn. During the year, the company has incurred costs in relation to the refinancing of the group. The amount owed by each director at the year end was £262,003 (2006 £111). The amounts owed were repaid to the company on completion of refinancing on 26 September 2007.

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

16 Creditors: amounts falling due within one year

	2007 Group	2006 Group	2007 Company	2006 Company
	£	£	£	£
Hire purchase contracts (see note 18)	166,742	163,469	-	-
Bank overdraft	-	-	1,301,446	-
Amounts owed by group undertakings	-	-	2	-
Trade creditors	2,370,787	2,346,423	73,754	238,845
Corporation tax	69,706	107,637	-	-
Other taxes and social security	204,103	577,129	32,892	22,803
Other creditors	625,616	121,179	-	-
Directors' current accounts	-	443	-	443
Accruals and deferred income	820,698	521,376	128,360	7,398
	4,257,652	3,837,656	1,536,454	269,489

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

17 Creditors: amounts falling due after more than one year

Group	2007	2006
	£	£
Hire purchase contracts (see note 18)	294,123	308,270

Company	2007	2006
	£	£
Share scheme liability (see note 3)	76,824	-

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

18 Obligations under the hire purchase contracts and operating leases

The group has the following annual commitments under the following lease agreements

Group

	Hire purchase contracts	Hire purchase contracts
	2007 £	2006 £
Net obligations repayable		
Within one year	166,742	163,469
Between one and five years	294,123	308,270
	460,865	471,739

The following operating lease payments are committed to be paid are as follows

	2007 Land and buildings £	2007 Other operating leases £	2006 Land and buildings £	2006 Other operating leases £
Expiring				
Within one year	-	29,450	-	19,108
Between one and five years	802,000	202,659	836,636	265,962
	802,000	232,109	836,636	285,070

The company does not have any operating or finance lease commitments (2006 £nil)

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

19 Provisions for liabilities and charges

Group

	Dilapidations £	Deferred tax liability / (asset) £
At 1 July 2006	-	10,686
Charged(credited) to profit and loss account (note 8)	15,000	(39,970)
At 30 June 2007	15,000	(29,284)

The deferred tax asset for the current year is disclosed within debtors amounts falling due within one year (See note 15)

The deferred tax asset/(liability) relates to

	Provided 2007 £	Unprovided 2007 £	Provided 2006 £	Unprovided 2006 £
Accelerated capital allowances	(75,620)	1,664	(114,194)	836
Short term timing differences	12,799	-	-	-
Losses	92,105	250,017	103,508	263,051
Deferred tax asset/(liability)	29,284	251,681	(10,686)	263,887

Company

The company does not have any provisions (2006 £nil)

20 Minority interests

Minority interests relate to 87,422 ordinary shares in Barrhead Sanitary Ware Limited

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

21 Called up share capital

Number	Class	Nominal value	£
Authorised:			
1,500,000	Ordinary	£1	1,500,000
Allotted, issued and fully paid as at 30 June 2006 and 30 June 2007:			
900,000	Ordinary	£1	900,000

22 Profit and loss reserve

Group

	Profit and loss reserve £
As at 30 June 2006	4,932,189
Profit for the year	1,391,406
Other adjustments	(14,150)
At 30 June 2007	6,309,445

Other adjustments relate to a correction to the opening profit and loss reserves at 30 June 2006 which are not considered material for restatement

Company

	Profit and loss reserve £
As at 30 June 2006	293,106
Profit for the year	12,065
At 30 June 2007	305,171

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

23 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 year amounted to £190,971 (2006: £82,891). Accrued pension contributions amounted to £10,728 at the year end.

24 Contingent liabilities

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 30 June 2007 the net amount outstanding on this facility was £nil (2006: £nil).

25 Capital commitments

	2007	2006
Group	£	£
Contracted but not provided for in the financial statements	686,823	27,516

The company has no capital commitments as at 30 June 2007 (2006: £nil).

26 Reconciliation of movements in total shareholders' funds

Group	2007	2006
	£	£
Profit for the financial year/period	1,391,406	2,115,144
Dividends (see note 10)	-	(200,000)
	1,391,406	1,915,144
Issue of shares	-	900,000
Goodwill written off on acquisition	-	2,777,045
Unrealised gain on loan notes	-	240,000
Other adjustments (see note 22)	(14,150)	-
Net addition to shareholders' funds	1,377,256	5,832,189
Opening total shareholders' funds	5,832,189	-
Closing total shareholders' funds	7,209,445	5,832,189

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

26 Reconciliation of movements in total shareholders' funds (continued)

Company

	2007	2006
	£	£
Profit for the financial year/period	12,065	493,106
Dividends	-	(200,000)
	12,065	293,106
Issue of shares	-	900,000
Net addition to shareholders' funds	12,065	1,193,106
Opening total shareholders' funds	1,193,106	-
Closing total shareholders' funds	1,205,171	1,193,106

27 Acquisitions

During the year, the company acquired the remaining minority interest of 1,000 shares in Barrhead International Limited on 2006

	£
Share of net assets acquired	-
Consideration settled in cash	125,000
Goodwill arising on acquisition (see note 11)	125,000

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

28 Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	1,956,517	2,100,589
Depreciation (see note 5)	866,286	840,558
Goodwill amortisation (see note 5)	2,000	-
Amortisation of development and computer software costs	7,885	-
FRS 20 charge (see note 3)	76,824	-
(Loss)/profit on disposal of fixed assets	62,556	(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	24,728	6,572
Increase in stocks	(218,353)	(1,826,516)
Increase in debtors	(566,114)	(4,671,976)
Increase in creditors	753,702	3,566,550
Increase in provisions	15,000	-
Net cash inflow from operating activities	2,981,031	3,037,426

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

29 Analysis of cash flows for headings netted in the cash flow statement

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	3,067	18,180
Interest paid	-	(11,966)
Interest element of hire purchase payments	(23,002)	(21,617)
Dividends received	-	643,933
Net cash (outflow)/ inflow for returns on investments and servicing of finance	(19,935)	628,530
Capital expenditure		
Purchase of intangible fixed assets (note 11)	(7,609)	(6,558)
Purchase of tangible fixed assets (note 12)	(1,062,300)	(3,537,747)
Sale of tangible fixed assets	70,000	59,644
Net cash outflow for capital expenditure	(999,909)	(3,484,661)
Financing		
Hire purchase	(198,022)	471,739
Amount withdrawn by directors (see note 15)	(523,624)	2,482
Share issue	-	900,000
Payments to re-acquire shares held by minority interests (note 11)	(125,000)	-
Net cash (outflow)/inflow from financing	(846,646)	1,374,221

Utopia Group Limited

Notes to the financial statements for the year ended 30 June 2007 (continued)

30 Analysis of changes in net debt

	30 June 2006 £	Cash flow £	30 June 2007 £
Net cash			
Cash at bank and in hand	834,641	408,035	1,242,676
Debt			
Hire purchase	(471,739)	10,874	(460,865)
Total	362,902	418,909	781,811

31 Related party transactions

The group have taken the exceptions under FRS 8 'Related party transactions' and have not disclosed transactions between group companies for both the current year and previous period

During the year, Mr I W Hall and Mr D W Conn had an interest in Newlyn Homes Limited, Halcon Properties Limited and Idiom Design

	Profit and loss (income)/ expense	Debtors	Creditors	Profit and loss (income)/ expense	Debtors	Creditors
	2007	2007	2007	2006	2006	2006
	£	£	£	£	£	£
Newlyn Homes Limited	-	-	-	-	-	-
Halcon Properties Limited	802,000	-	38,971	-	-	-
Idiom Design Limited	104,492	-	-	-	-	-

32 Post balance sheet events

On the 26th September 2007, the shareholders of the group, David Conn and Ian Hall, disposed of the majority of their interests in the group following a management buy out