

**Utopia Group Limited**

**Directors' report and financial  
statements**

Registered number 05479695  
For the year ended 30 June 2010



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2010

### Principal activity

The principal activity of the company in the year under review was that of an intermediate holding company

### Results and dividends

The profit for the financial year is £243,549 (2009 loss £6,493)

No dividends were paid or proposed during the year ended 30 June 2010 (2009 £Nil)

### Key performance indicators (KPIs)

Given the straightforward nature of the business as a holding company, the company'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 company's financial risk management objectives and policies nor the company's exposure to price risk, credit risk, liquidity risk and cash flow risk, as given the current status of the company, such information is not considered material for the assessment of the company's assets, liabilities and financial position at the end of the financial year

### Directors

The directors who held office during the year were as follows

H Clark  
E Green  
J Brooke (resigned 6 August 2010)  
M Bailey

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Directors' liability

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

**Directors' report** *(continued)*

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

On behalf of the board



E Green  
*Director*

Utopia House  
Springvale Avenue  
Springvale Business Park  
Bilston  
Wolverhampton  
WV14 0QL

23 March 2011

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### Independent auditors' report to the members of Utopia Group Limited

We have audited the financial statements of Utopia Group Limited for the year ended 30 June 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

SJ Purkess (Senior Statutory Auditor)  
for and on behalf of KPMG Audit LLP, Statutory Auditor  
Chartered Accountants

23 March 2011

**Profit and loss account**  
*for the year ended 30 June 2010*

	<i>Note</i>	<b>2010</b> £	<b>2009</b> £
Turnover		-	-
Gross profit		-	-
Administrative expenses		<b>243,549</b>	(2,084)
<b>Operating profit/(loss) and profit/(loss) on ordinary activities before interest and taxation</b>	<b>2</b>	<b>243,549</b>	(2,084)
Interest payable and similar charges	<b>4</b>	-	(4,409)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>243,549</b>	(6,493)
Tax on profit/(loss) on ordinary activities	<b>5</b>	-	-
<b>Profit/(loss) for the financial year</b>	<b>10,12</b>	<b>243,549</b>	(6,493)

All activities relate to continuing operations for both financial years

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

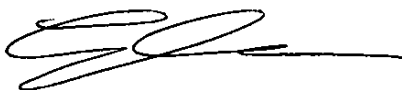
The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The movements on reserves are shown in note 12 to the financial statements

**Balance sheet**  
*at 30 June 2010*

	<i>Note</i>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Investments	6	-	80 000
<b>Current assets</b>			
Debtors: Amounts falling due within one year	7	1,896,887	1 675 698
Cash at bank and in hand		94,698	-
		<u>1,991,585</u>	<u>1 675 698</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(91,139)</u>	<u>(98,801)</u>
<b>Net current assets</b>		<u>1,900,446</u>	<u>1 576 897</u>
<b>Total assets less current liabilities being net assets</b>		<u>1,900,446</u>	<u>1 656 897</u>
<b>Capital and reserves</b>			
Called up share capital	9	938,407	938 407
Share premium	10	236,587	236 587
Profit and loss reserve	10	725,452	481 903
<b>Total shareholders' funds</b>	12	<u>1,900,446</u>	<u>1 656 897</u>

These financial statements were approved by the board of directors on 23 March 2011 and were signed on its behalf by



**E Green**  
*Director*

Company number 05479695



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The policies applied are consistent with the previous year.

#### ***Going concern***

The group and company have recently carried out a strategic review and with the support of all the relevant stakeholders, has refinanced the funding arrangements as disclosed in the group financial statements. As part of the strategic review, the directors have reviewed the group's and company's cash position and having carried out this review, the directors believe that the company will be able to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the company's financial statements. Accordingly, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

#### ***Consolidation***

These financial statements contain information about Utopia Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is included within the group financial statements of Utopia Bathroom Group Limited (see note 14).

#### ***Investments***

Investments are stated at cost less any provision for impairment.

#### ***Cash flow***

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 (Revised 1996), as it is included in the consolidated results of the ultimate parent company (see note 14).

#### ***Turnover***

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

#### ***Taxation***

UK corporation tax is provided at amounts expected to be paid using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 and is measured on a non-discounted basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### Share based payments

The group has applied the requirements of accounting standard FRS 20 "share based payment" In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002

The group issues equity settled share based payments to employees The fair value of equity settled share based payments is determined at the date of grant and is expensed on a straight line basis over the vesting period, based on the group's estimate of shares or options that will eventually vest

Fair value is measured by use of the Black Scholes pricing model The expected life used in the model has been based on the group's historical share data The fair value of restricted shares is based on the share price at close of business on the date of grant

An Enterprise Management Incentives Option (EMI) was introduced in July 2007 Under the EMI, the directors granted options over shares in the company to employees within 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 shares under option Options granted under EMI are exercisable from 31 July 2007 under specific conditions Exercise of an option is subject to continued employment The full cost of this option has been expensed in previous years

### 2 Operating profit/(loss)

	2010 £	2009 £
<i>Operating profit/(loss) is stated after charging/(crediting)</i>		
Surrender of lease	(385,900)	-
Impairment of investments	80,000	-
Impairment of loan notes	60,000	-
	<u>          </u>	<u>          </u>

The directors are also directors of Utopia Bathroom Group Limited and their emoluments are included in the financial statements of that company (see note 14) The remuneration of the directors is paid by the controlling parties and their services to the company are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties The controlling parties charged £Nil (2009 £Nil) to the company in respect of their services

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

### 3 Staff numbers and costs

No employees other than the directors were employed by the company in the current or prior year

### 4 Interest payable and similar charges

	2010 £	2009 £
Bank interest charges	-	4,409
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Taxation

#### Analysis of charge in year

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	243,549	(6,493)
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	68,194	(1,818)
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	39,200	-
Group relief (claimed)/surrendered	-	1,818
Non taxable capital gains profit	(108,052)	-
Increase in losses carried forward	658	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

#### Factors that may affect future charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date, it would have the effect of reducing the unrecognised deferred tax asset at that date by £828. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

## Notes (continued)

### 6 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At beginning and end of year	3,739,695
<b>Impairment</b>	
Brought forward	3,659,695
Impairment in the year	80 000
Total impairment	3,739,695
<b>Net book value</b>	
At 30 June 2010	-
At 30 June 2009	80,000

The directors performed a review of the carrying value of the company's investments at the year end. Following this review, an impairment writedown of £80,000 was made in respect of Barrhead International Limited due to a review of the performance of the company.

The company's investments in the share capital of subsidiary undertakings at the balance sheet date include the following:

#### *Utopia Furniture Limited*

Country of incorporation	England and Wales		
Nature of business	Manufacture of bathroom furniture		
		% holding	£
Class of shares		100	
Ordinary "A"			6,002,538
Aggregate capital and reserves			299 991
Profit for the year			

#### *Domunion Plumbing Supplies Limited*

Country of incorporation	England and Wales		
Nature of business	Dormant		
		% holding	£
Class of shares		100	
Ordinary			5 004
Aggregate capital and reserves			

#### *Utopia Bathrooms Limited*

Country of incorporation	England and Wales		
Nature of business	Dormant		
		% holding	£
Class of shares		100	
Ordinary			1
Aggregate capital and reserves			

## Notes (continued)

### 6 Fixed asset investments (continued)

#### *Kidsville Limited*

Country of incorporation	England and Wales		
Nature of business	Dormant		
		<b>% holding</b>	<b>£</b>
Class of shares			
Ordinary		100	
Aggregate capital and reserves			1

#### *Barrhead International Limited*

Country of incorporation	Scotland		
Nature of business	Holding company		
		<b>% holding</b>	<b>£</b>
Class of shares			
Ordinary "A"		98	
Ordinary "C"		100	
Aggregate capital and reserves			39
Loss for the year			(70,091)

The company also has an indirect controlling interest in Barrhead Sanitary Ware Limited through its share holding in Barrhead International Limited. Barrhead Sanitary Ware Limited is involved in the manufacture and sale of sanitary ware. It was announced in March 2010 that the manufacture of sanitary ware was to be outsourced, resulting in the closure of Barrhead Sanitary Ware Limited in September 2010. Its aggregate capital and reserves at the end of the year amounted to £1,640,051 and its loss for the year was £1,043,595, including exceptional costs associated with the closure.

### 7 Debtors: Amounts falling due within one year

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	1,896,887	1,439,951
Loan notes	-	60,000
VAT recoverable	-	175,747
	<b>1,896,887</b>	<b>1,675,698</b>

During the year, loan notes held by Utopia Group Limited issued by Barrhead International Limited were fully written down.

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

The deferred tax asset movements comprise

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	1,664	1,664
Other timing differences	-	21,511
Losses carried forward	2,476	-
Loss not recognised	(4,140)	(23,175)
	<b>-</b>	<b>-</b>

**Notes (continued)**

**8 Creditors: Amounts falling due within one year**

	2010 £	2009 £
Bank overdraft	-	76,987
Amounts owed to group undertakings	21,314	21,314
Accruals and deferred income	-	500
Social security and other taxes	69,825	-
	<u>91,139</u>	<u>98,801</u>

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

**9 Called up share capital**

	2010 £	2009 £
<i>Allotted, issued and fully paid:</i>		
938,407 Ordinary shares of £1 each	938,407	938,407
	<u>938,407</u>	<u>938,407</u>

**10 Reserves**

	Share premium account £	Profit and loss reserve £
At beginning of year	236,587	481,903
Profit for the financial year	-	243,549
	<u>236,587</u>	<u>725,452</u>
<b>At end of year</b>	<u>236,587</u>	<u>725,452</u>

**11 Capital commitments**

The company has no capital commitments at 30 June 2010 (2009 £Nil)

**Notes (continued)**

**12 Reconciliation of movements in total shareholders' funds**

	2010 £	2009 £
At beginning of year	1,656,897	1,586,566
Profit/(loss) for the financial year	243,549	(6,493)
Release of share scheme liability on shares previously issued	-	76,824
	<hr/>	<hr/>
At end of year	1,900,446	1,656,897
	<hr/>	<hr/>

**13 Related party transactions**

The company has taken advantage of the exemption allowed by Financial Reporting Standards No 8 "Related party disclosures" not to disclose transactions with other group undertakings. No transactions took place with Barrhead Sanitary Ware Limited that are not covered by this exemption.

**14 Ultimate parent company**

The immediate and ultimate parent undertaking is Utopia Bathroom Group Limited, a company registered in England and Wales, which heads the largest and smallest group to consolidate the financial statements of the company. Copies of the consolidated group financial statements, which include the company, are available from the Company Secretary at Utopia House, Springvale Avenue, Springvale Business Park, Bilston, Wolverhampton WV14 0QL.

**15 Contingent liabilities and cross-guarantees**

As a result of the Group refinancing which took place in July 2009, the company guarantees related party loans made by Halcon properties Limited to the ultimate parent company, Utopia Bathroom Group Limited. The balance of these borrowings at 30 June 2010 amounted to £1,857,143.