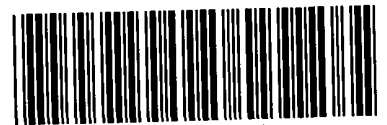


Company Registration No. 06285982 (England and Wales)

UTOPIA BATHROOM GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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UTOPIA BATHROOM GROUP LIMITED

COMPANY INFORMATION

Directors	Mr D W Conn Mr I W Hall
Company number	06285982
Registered office	Utopia House Springvale Business Park Springvale Avenue Bilston West Midlands United Kingdom WV14 0QL
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

UTOPIA BATHROOM GROUP LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Notes to the financial statements	13 - 33

UTOPIA BATHROOM GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

The principal activity and strategic focus of the group remains the design and manufacture of bathroom furniture, a market where the group retains an excellent reputation for both the quality of its product and service delivery.

The group continues to perform satisfactorily in what have been difficult conditions following the uncertainty created by the Brexit Referendum result. Sales levels remain on target as the strategic focus has been to accelerate the development of new product ranges to be brought to market sooner in order to maintain the company's leading position in the market place. The group continues to retain and grow business with existing customers, and to develop new customer relationships and routes to market.

Key performance indicators (KPIs)

The group utilises a range of different KPI's at an operational level which are used by the management team to monitor performance on a regular basis. The main KPI's are as follows:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Sales activity	16,505	7,883
EBITDA (earnings before interest, taxation, depreciation and amortisation)	741	514
Working capital	946	1,218

Principal risks and uncertainties

The principal risk for the group relates to the difficult general economic conditions and the performance of the construction and home improvement markets.

Financial risk management

The group's operations exposes it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk.

Price risk

The group is exposed to commodity price risk, particularly for raw materials and distribution costs as a result of its operations. The company monitors these costs and takes correction action when relevant.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers and ongoing review of credit levels for existing customers. These credit limits are amended where appropriate.

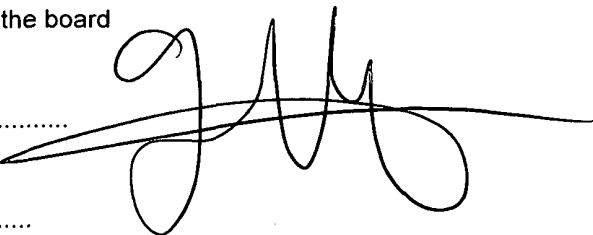
Liquidity risk

The group actively maintains long term debt finance that is designed to ensure the company has sufficient available funds for operations. The ongoing financing arrangements are regularly reviewed by the directors.

On behalf of the board

.....
Mr I W Hall
Director

25/7/16



UTOPIA BATHROOM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company and group continued to be that of the manufacture of bathroom furniture and sanitary ware.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D W Conn

Mr I W Hall

Mr M Oldham

(Resigned 13 February 2017)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Research and development

The group routinely investigates new materials and production techniques in the development of new ranges of bathroom furniture.

Future developments

There are no significant anticipated future changes to the operations of the company.

Auditor

The auditor, Ormerod Rutter Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UTOPIA BATHROOM GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

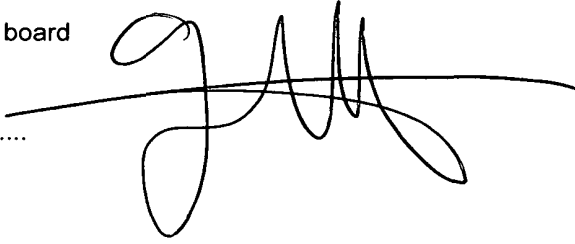
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

.....
Mr I W Hall

Director

25.12.18.....



UTOPIA BATHROOM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UTOPIA BATHROOM GROUP LIMITED

Opinion

We have audited the financial statements of Utopia Bathroom Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

UTOPIA BATHROOM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UTOPIA BATHROOM GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:-

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

UTOPIA BATHROOM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UTOPIA BATHROOM GROUP LIMITED

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.

Ormerod Rutter Ltd

Colm McGrory FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited

26/11/18

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

UTOPIA BATHROOM GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
	Notes		
Turnover	3	16,505	7,883
Cost of sales		(10,931)	(5,085)
Gross profit		5,574	2,798
Administrative expenses		(6,340)	(3,007)
Other operating income		6	3
Operating loss	4	(760)	(206)
Interest payable and similar expenses	8	(67)	(19)
Loss before taxation		(827)	(225)
Taxation	9	1	(1)
Loss for the financial year	25	(826)	(226)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

UTOPIA BATHROOM GROUP LIMITED

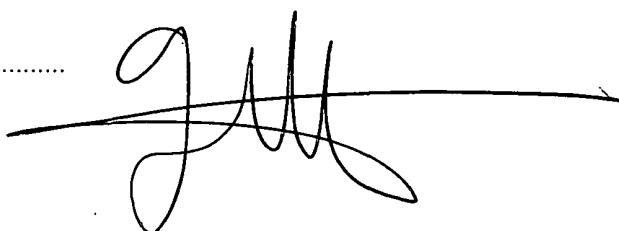
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Goodwill	10	11,888	13,107
Tangible assets	11	1,062	894
		<u>12,950</u>	<u>14,001</u>
Current assets			
Stocks	15	1,517	1,578
Debtors	16	1,792	1,741
Cash at bank and in hand		110	269
		<u>3,419</u>	<u>3,588</u>
Creditors: amounts falling due within one year	17	<u>(2,473)</u>	<u>(2,371)</u>
Net current assets		946	1,217
Total assets less current liabilities		<u>13,896</u>	<u>15,218</u>
Creditors: amounts falling due after more than one year	18	<u>(1,771)</u>	<u>(2,267)</u>
Net assets		<u><u>12,125</u></u>	<u><u>12,951</u></u>
Capital and reserves			
Called up share capital	23	24,535	24,535
Share premium account	24	1,705	1,705
Profit and loss reserves	25	(14,114)	(13,288)
Equity attributable to owners of the parent company		<u>12,126</u>	<u>12,952</u>
Non-controlling interests		<u>(1)</u>	<u>(1)</u>
		<u><u>12,125</u></u>	<u><u>12,951</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25/1/18... and are signed on its behalf by:

.....
Mr I W Hall
Director



UTOPIA BATHROOM GROUP LIMITED

COMPANY BALANCE SHEET

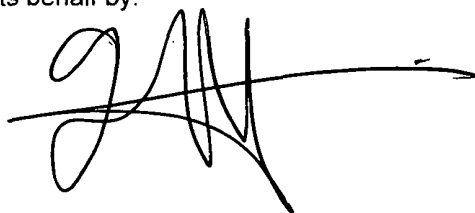
AS AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Investments	12	22,253	22,253
Current assets		-	-
Creditors: amounts falling due within one year	17	(8,379)	(7,782)
Net current liabilities		(8,379)	(7,782)
Total assets less current liabilities		13,874	14,471
Creditors: amounts falling due after more than one year	18	(1,518)	(2,085)
Net assets		12,356	12,386
Capital and reserves			
Called up share capital	23	24,535	24,535
Share premium account	24	1,705	1,705
Profit and loss reserves	25	(13,884)	(13,854)
Total equity		12,356	12,386

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £30,000 (Period ended 31 December 2016 - £0,000).

The financial statements were approved by the board of directors and authorised for issue on 25/1/18 and are signed on its behalf by:

.....
Mr I W Hall
Director



Company Registration No. 06285982

UTOPIA BATHROOM GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total controlling interest £000	Non- controlling interest £000	Total £000
Balance at 1 July 2016	24,535	1,705	(13,062)	13,178	(1)	13,177
Period ended 31 December 2016:						
Loss and total comprehensive income for the period	-	-	(226)	(226)	-	(226)
Balance at 31 December 2016	24,535	1,705	(13,288)	12,952	(1)	12,951
Year ended 31 December 2017:						
Loss and total comprehensive income for the year	-	-	(826)	(826)	-	(826)
Balance at 31 December 2017	24,535	1,705	(14,114)	12,126	(1)	12,125

UTOPIA BATHROOM GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 July 2016	24,535	1,705	(13,854)	12,386
Period ended 31 December 2016: Profit and total comprehensive income for the period	-	-	-	-
Balance at 31 December 2016	24,535	1,705	(13,854)	12,386
Year ended 31 December 2017: Loss and total comprehensive income for the year	-	-	(30)	(30)
Balance at 31 December 2017	24,535	1,705	(13,884)	12,356

UTOPIA BATHROOM GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Cash generated from operations	30	826	581
Interest paid		(67)	(19)
Income taxes refunded/(paid)		76	-
Net cash inflow from operating activities		835	562
Investing activities			
Purchase of tangible fixed assets		(456)	(74)
Proceeds on disposal of tangible fixed assets		6	6
Net cash used in investing activities		(450)	(68)
Financing activities			
Repayment of borrowings		(567)	(362)
Payment of finance leases obligations		(12)	(126)
Net cash used in financing activities		(579)	(488)
Net (decrease)/increase in cash and cash equivalents		(194)	6
Cash and cash equivalents at beginning of year		269	263
Cash and cash equivalents at end of year		75	269
Relating to:			
Cash at bank and in hand		110	269
Bank overdrafts included in creditors payable within one year		(35)	-

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Utopia Bathroom Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Utopia House, Springvale Avenue, Springvale Business Park, Bilston, West Midlands, WV14 0QL.

The group consists of Utopia Bathroom Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Utopia Bathroom Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Reporting period

The company's reporting period has been shortened to six months in order to align the company's year end with the year end of its major customers and suppliers.

The financial statements present the results of the company for the six month period ending 31 December 2016. The comparative information presented in the financial statements relates to the year ending 30 June 2016. Therefore, the comparative amounts are not entirely comparable

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually when goods are delivered to the customer), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is twenty years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	50% on cost and 20% on reducing balance
Fixtures and fittings	50% on cost and 33% on reducing balance
Computer equipment	50% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.10 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 labour and fixed and variable production overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit or loss in the period to which they relate.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Research and development

Costs relating to the creation of new bathroom ranges are written off in the period in which they are incurred.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Goodwill

The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a number of factors such as the expected application of the acquired business, the amount and probability of cash flows and the expected useful life of the business.

Stock

The group consistently monitors and provides against stock where appropriate to ensure stock is held at the lower of cost and NRV. Provisions are applied on a consistent basis which is based on historical experience and expected use, specifically ageing of stock, quantity in hand, usage and changes in customer demand are considered and reflected within the provided amounts.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £000	2016 £000
Turnover		
Sale of goods	16,505	7,883
	<u>16,505</u>	<u>7,883</u>
Turnover analysed by geographical market		
	2017 £000	2016 £000
United Kingdom	16,204	7,771
Europe	301	112
	<u>16,505</u>	<u>7,883</u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating loss

	2017 £000	2016 £000
Operating loss for the period is stated after charging/(crediting):		
Research and development costs	-	65
Depreciation of owned tangible fixed assets	152	62
Depreciation of tangible fixed assets held under finance leases	134	54
Profit on disposal of tangible fixed assets	(3)	(6)
Amortisation of intangible assets	1,219	610
Cost of stocks recognised as an expense	6,501	3,035
Operating lease charges	647	229
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	20	12
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	2	4
All other non-audit services	4	19
	<u> </u>	<u> </u>
	6	23
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration	51	53	-	-
Production	124	118	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	175	171	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Wages and salaries	4,409	2,062	-	-
Social security costs	430	193	-	-
Pension costs	136	67	-	-
	<u>4,975</u>	<u>2,322</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2017	2016
	£000	£000
Remuneration for qualifying services	<u>3</u>	<u>2</u>

Key management personnel

During the year key management personnel (including directors remuneration) received gross wages of £326,000 (31 December 2016 - £146,000) and employer pension contributions of £11,000 (Period ended 31 December 2016 - £7,000).

8 Interest payable and similar expenses

	2017	2016
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	38	3
Interest on finance leases and hire purchase contracts	29	15
Dividends on redeemable preference shares not classified as equity	-	1
	<u>67</u>	<u>19</u>

9 Taxation

	2017	2016
	£000	£000
Current tax		
UK corporation tax on profits for the current period	-	1
Adjustments in respect of prior periods	(1)	-
Total current tax	<u>(1)</u>	<u>1</u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £000	2016 £000
Loss before taxation	(827)	(224)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(159)	(45)
Tax effect of expenses that are not deductible in determining taxable profit	2	4
Tax effect of income not taxable in determining taxable profit	-	(1)
Gains not taxable	(1)	-
Tax effect of utilisation of tax losses not previously recognised	-	(64)
Unutilised tax losses carried forward	24	-
Adjustments in respect of prior years	(3)	(1)
Permanent capital allowances in excess of depreciation	(27)	(14)
Research and development tax credit	(71)	-
Goodwill amortisation disallowable	234	122
Taxation (credit)/charge for the period	(1)	1

10 Intangible fixed assets

Group	Goodwill £000	Patents & licences £000	Total £000
Cost			
At 1 January 2017 and 31 December 2017	24,386	25	24,411
Amortisation and impairment			
At 1 January 2017	11,279	25	11,304
Amortisation charged for the year	1,219	-	1,219
At 31 December 2017	12,498	25	12,523
Carrying amount			
At 31 December 2017	11,888	-	11,888
At 31 December 2016	13,107	-	13,107

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

Group	Plant and equipment £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2017	7,417	1,171	559	124	9,271
Additions	438	9	10	-	457
Disposals	-	-	-	(25)	(25)
At 31 December 2017	7,855	1,180	569	99	9,703
Depreciation and impairment					
At 1 January 2017	6,661	1,078	539	99	8,377
Depreciation charged in the year	230	36	14	6	286
Eliminated in respect of disposals	-	-	-	(22)	(22)
At 31 December 2017	6,891	1,114	553	83	8,641
Carrying amount					
At 31 December 2017	964	66	16	16	1,062
At 31 December 2016	756	93	20	25	894

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Plant and equipment	574	466	-	-
Motor vehicles	12	17	-	-
	586	483	-	-
Depreciation charge for the year in respect of leased assets	134	54	-	-

Ownership of these assets transfer to the company on full repayment of the hire purchase loans. None of the hire purchase agreements contain clauses relating to contingent rent, renewal, escalation clauses, subleases, or restriction imposed on use of the assets.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Fixed asset investments

	Notes	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Investments in subsidiaries	13	-	-	22,253	22,253
Movements in fixed asset investments					
Company					Shares in group undertakings £000
Cost or valuation					
At 1 January 2017 and 31 December 2017					22,253
Carrying amount					
At 31 December 2017					22,253
At 31 December 2016					22,253

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
			Ordinary C	-	100.00
			Ordinary non-voting shares	-	80.00
			Redeemable preference shares	-	100.00
Barrhead International Limited	Wright, Johnston & Mackenzie LLP, 302 St.Vincent Street, Glasgow, Scotland, G2 5RZ	Intermediate holding company	Ordinary A		
				-	100.00
Barrhead Sanitary Ware	As above	Non-trading	Ordinary voting shares	-	100.00
Dominion Plumbing Supplies Limited	Utopia House, Springvale Avenue, Springvale Business Park, Bilston, West Midlands, WV14 0QL	Dormant	Ordinary shares		
				-	100.00
Kidsville Limited	As above	Dormant	Ordinary shares	-	100.00
Leben Bathrooms Limited	As above	Dormant	Ordinary shares A	-	100.00
Leben Bedrooms Limited	As above	Dormant	Ordinary shares A	-	100.00
Leben Kitchens Limited	As above	Dormant	Ordinary shares A	-	100.00
Utopia Bathrooms Limited	As above	Dormant	Ordinary shares	-	100.00
Utopia Furniture Group Limited	As above	Dormant	Ordinary shares A	-	100.00
Utopia Furniture Limited	As above	Manufacture of bathroom furniture	Ordinary shares A	-	100.00
Utopia Group Limited	As above	Intermediate holding company	Ordinary shares	100.00	100.00

There are no subsidiary undertakings which have been excluded from consolidation.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,254	1,122	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	3,892	4,343	9,897	9,867
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Stocks

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Raw materials and consumables	1,107	1,219	-	-
Work in progress	265	252	-	-
Finished goods and goods for resale	145	107	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,517	1,578	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	1,254	1,122	-	-
Prepayments and accrued income	170	176	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,424	1,298	-	-
Deferred tax asset (note 21)	368	443	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,792	1,741	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

17 Creditors: amounts falling due within one year

	Notes	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Bank loans and overdrafts	19	35	-	-	-
Obligations under finance leases	20	168	252	-	-
Trade creditors		1,416	1,423	-	-
Amounts due to group undertakings		-	-	8,379	7,782
Corporation tax payable		-	2	-	-
Other taxation and social security		352	293	-	-
Other creditors		64	137	-	-
Accruals and deferred income		438	264	-	-
		<u>2,473</u>	<u>2,371</u>	<u>8,379</u>	<u>7,782</u>

Included in other creditors of the Group is £64,000 (2016: £137,000) secured by fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Obligations under finance leases	20	253	182	-	-
Other borrowings	19	1,518	2,085	1,518	2,085
		<u>1,771</u>	<u>2,267</u>	<u>1,518</u>	<u>2,085</u>

Included in other borrowings are loans due to Halcon Properties Ltd of £1,518,000 (2016 - £2,085,000), which are secured by first fixed and floating charges over the company's assets and undertakings.

19 Loans and overdrafts

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Bank overdrafts	35	-	-	-
Other loans	1,518	2,085	1,518	2,085
	<u>1,553</u>	<u>2,085</u>	<u>1,518</u>	<u>2,085</u>
Payable within one year	35	-	-	-
Payable after one year	1,518	2,085	1,518	2,085
	<u>1,553</u>	<u>2,085</u>	<u>1,518</u>	<u>2,085</u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Loans and overdrafts

(Continued)

The group utilises an invoice financing arrangement secured on trade debtors. At the year end, amounts advanced against trade debtors were £35,000 (2016: nil) and are included within bank loans and overdrafts. Interest is variable at 2.41% over the Bank of England's base rate.

20 Finance lease obligations

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Future minimum lease payments due under finance leases:				
Within one year	168	252	-	-
In two to five years	253	182	-	-
	<u>421</u>	<u>434</u>	<u>-</u>	<u>-</u>
	<u><u>421</u></u>	<u><u>434</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Amounts due under hire purchase and finance lease contracts are secured over the assets to which they relate.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets	Assets
	31 December	30 June
	2017	2016
	£000	£000
Group		
Accelerated capital allowances	63	64
Tax losses	303	377
Short term timing differences	2	2
	<u>368</u>	<u>443</u>
	<u><u>368</u></u>	<u><u>443</u></u>

The company has no deferred tax assets or liabilities.

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

21 Deferred taxation

(Continued)

	Group 2017 £000	Company 2017 £000
Movements in the year:		
Liability/(asset) at 1 January 2017	(443)	-
Charge to profit or loss	75	-
	<u> </u>	<u> </u>
Liability/(asset) at 31 December 2017	(368)	-
	<u> </u>	<u> </u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

22 Retirement benefit schemes

	2017 £000	2016 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	136	67
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Accrued employer pension contributions as at the period end amounted to £14,000 (2016 - £9,000).

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Share capital

	Group and company	
	2017	2016
	£000	£000
Ordinary share capital		
Issued and fully paid		
247,500 Ordinary A Shares of £1 each	248	248
175,999 Ordinary B Shares of £1 each	176	176
126,500 Ordinary C Shares of £0.01 each	1	1
16,859,776 Ordinary D Shares of £1 each	16,860	16,860
7,250,000 Preferred ordinary shares of £1 each	7,250	7,250
	<u>24,535</u>	<u>24,535</u>

On return of capital on winding up but not otherwise, the assets of the company available for distribution to the holders of the ordinary A shares, ordinary B shares, ordinary C shares, ordinary D shares and preferred ordinary shares shall be applied:

- (a) First, in redeeming at nominal value all of the preferred ordinary shares;
- (b) Second, in paying to the holders of the preferred ordinary shares (pari passu as A class) a distribution in the sum of £50,000;
- (c) Third, in paying to the ordinary A shareholders a sum equal to any arrears or accruals of the dividends on the ordinary A shares calculated to the date of the return of capital;
- (d) Fourth, in paying to the ordinary A shareholders a sum equal to the subscription price for each share;
- (e) Fifth, in paying to the ordinary B shareholders a sum equal to the subscription price for each such share rateably amongst them;
- (f) Sixth, the balance of such sum up to £80,000,000 shall be distributed amongst the ordinary A shareholders, and ordinary B shareholders (pari passu as if the same constituted one class of share);
- (g) Seventh, in paying to the ordinary D shareholders the sum of £1 per share;
- (h) Eighth, the balance of such assets shall be distributed amongst the ordinary A shareholders, ordinary B shareholders and ordinary C shareholders (pari passu as if the same constituted one class of share).

24 Share premium account

A share premium reserve of £1,705,000 was created on the refinancing of the business in July 2009.

25 Profit and loss reserves

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
At the beginning of the year	(13,288)	(13,062)	(13,854)	(13,854)
Loss for the year	(826)	(226)	(30)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At the end of the year	<u>(14,114)</u>	<u>(13,288)</u>	<u>(13,884)</u>	<u>(13,854)</u>

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

26 Minority interests

Minority interests relate to 87,740 ordinary non-voting shares in Barrhead Sanitary Ware Limited, largely held by former employees of the business.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Within one year	392	310	-	-
Between two and five years	508	317	-	-
	<u>900</u>	<u>627</u>	<u>-</u>	<u>-</u>

Operating leases relate to vehicles rented over 3 to 4 year periods, fork lifts rented over 5 year periods and office equipment rented over 1 to 6 year periods. None of the lease agreements include any clauses for contingent rent, renewal, purchase options, escalation or restrictions over use.

28 Related party transactions

Transactions with related parties

Directors Mr I. Hall and Mr D. Conn each have a significant shareholding in Utopia Bathroom Group Limited, as well as significant interest in Halcon Properties Limited and IDM Partnership.

During the year the group entered into the following transactions with related parties:

Halcon Properties Limited

During the year the group incurred rent and related expenses charged at less than market rate payable to the related party totalling £305,396 (Period ended 31 December 2016 - £60,000). The group incurred interest charges payable to the related party totalling £30,474 (Period ended 31 December 2016 - nil).

IDM Partnership

During the year the group incurred expenses on normal trading terms payable to the related party totalling £197,960 (Period ended 31 December 2016 - £96,706).

UTOPIA BATHROOM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017 £000	2016 £000
Group		
Halcon Properties Limited	1,668	2,123
IDM Partnership	29	32
	<u> </u>	<u> </u>
Company		
Halcon Properties Limited	1,518	2,085
	<u> </u>	<u> </u>

29 Controlling party

No shareholder owns more than 50% of the share capital and therefore the directors are of opinion that there is no ultimate controlling party.

30 Cash generated from group operations

	2017 £000	2016 £000
Loss for the year after tax	(826)	(225)
Adjustments for:		
Taxation (credited)/charged	(1)	1
Finance costs	67	19
Gain on disposal of tangible fixed assets	(3)	(6)
Amortisation and impairment of intangible assets	1,219	610
Depreciation and impairment of tangible fixed assets	286	116
Movements in working capital:		
Decrease/(increase) in stocks	61	(240)
(Increase)/decrease in debtors	(128)	574
Increase/(decrease) in creditors	151	(268)
	<u> </u>	<u> </u>
Cash generated from operations	826	581
	<u> </u>	<u> </u>