



# Financial statements

## Crosswater Holdings UK Limited

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**For the Year Ended 31 July 2011**

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COMPANIES HOUSE

**Company No. 06901921**

## Officers and professional advisers

**Company registration number**

06901921

**Directors**

D R Hance  
P Carr  
T P Powell  
D Boothman

**Secretary**

T P Powell

**Registered office**

Charles Park  
Crossways Boulevard  
Crossways  
Dartford  
Kent  
DA9 9AY

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
The Explorer Building  
Fleming Way  
Crawley  
West Sussex  
RH10 9GT

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## Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 July 2011

### **Principal activities**

The principal activities of the group during the year were that of manufacturer and supplier of bathrooms, taps, shower values, shower enclosures, basins, sanitary ware and bathroom furniture

### **Business review**

The group turnover for the year ended 31 July 2011 was £32,945,000 compared to £33,750,00 for the previous year and the group pre-tax profit was £2,427,000 (2010 £2,514,000) The directors are satisfied that the brands have performed well in current difficult economic climate with very limited erosion of sales despite a sizeable reduction in overall spending in the bathroom sector

At 31 July 2011 the group had net assets of £13,215,000 (2010 £12,411,000)

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,656,000 (2010 £1,804,000) An interim dividend of £994,000 (2010 £nil) was paid in the year The directors have not recommended a final dividend (2010 £nil)

### **Key performance indicators (KPIs)**

In the opinion of the directors the key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of business are sales, pre-tax profit and the level of cashflow generated within the year

The cash utilised in the year was £1,614,000 (2010 cash generated of £1,227,000)

### **Financial risk management objectives and policies**

The group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations The main risks arising from the group's financial instruments are liquidity risk, currency risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below

#### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably The group's policy throughout the year has been to ensure continuity of funding by using the company's bankers Short term flexibility is achieved by overdraft facilities Debt is structured so repayments can be made out of cash generated through operations

#### **Currency risk**

The group is exposed to transaction foreign exchange risk The risk of any currency fluctuations are mitigated by using foreign exchange banking facilities

### **Credit risk**

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the group's trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controllers on a regular basis in conjunction with debt ageing and collection history.

### **Directors**

The directors who served the group during the year were as follows:

D R Hance  
P Carr  
T P Powell  
D Boothman (Appointed 28 July 2011)

Subsequent to the year end, Patrick Riley was appointed as a director.

### **Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company and group 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 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 company will continue in business.

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

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 448(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

T P Powell  
Director



2 - 11 - 11

# Report of the independent auditor to the members of Crosswater Holdings UK Limited

We have audited the financial statements of Crosswater Holdings UK Limited for the year ended 31 July 2011 which comprise the accounting policies, the consolidated profit and loss account, the consolidated and parent company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **Opinion on financial statements**

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 July 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters 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.

## Report of the independent auditor to the members of Crosswater Holdings UK Limited (continued)

### **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 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



Robert Napper  
Senior Statutory Auditor  
For and on behalf of  
Grant Thornton UK LLP,  
Statutory Auditor,  
Chartered Accountants  
Gatwick

2 November 2011

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The accounting policies are set out below

### **Going Concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 3 to 4, together with a description of the financial position of the group, its cash flows, liquidity position and borrowing facilities

The group has considerable financial resources with a number of customers and suppliers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 July 2011. Intra-group sales and profits are eliminated fully on consolidation.

The consolidated accounts include the accounts of Crosswater Holdings Limited on the merger accounting basis and the results of all the other subsidiaries on the acquisition method of accounting. Under the latter method, the results of subsidiary undertakings and associated undertakings acquired or disposed of in the year and included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

The directors have taken advantage of the exemption from presenting its unconsolidated profit and loss account for Crosswater Holdings UK Limited under section 408 of the Companies Act 2006.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax and trade discounts.

### **Goodwill**

Goodwill is written off over a period of 20 years.

### **Fixed assets**

All fixed assets are initially recorded at cost

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

|                                  |   |                              |
|----------------------------------|---|------------------------------|
| Leasehold improvements           | - | Over the length of the lease |
| Plant & machinery                | - | 25% reducing balance         |
| Fixtures, fittings and equipment | - | 15% straight line on cost    |
| Motor vehicles                   | - | 25% reducing balance         |

### **Stocks**

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

### **Investments**

Fixed asset investments are stated at cost less provision for diminution in value

### **Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### **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 the transaction. Exchange differences are taken into account in arriving at the operating profit

## Consolidated Profit and loss account

|                                                      | Note | 2011<br>£'000 | 2010<br>£'000 |
|------------------------------------------------------|------|---------------|---------------|
| Turnover                                             | 1    | 32,945        | 33,750        |
| Cost of sales                                        |      | (20,694)      | (21,397)      |
| Gross profit                                         |      | 12,251        | 12,353        |
| Distribution costs                                   |      | (1,948)       | (849)         |
| Administrative expenses                              |      | (7,793)       | (8,860)       |
| <b>Operating profit</b>                              | 2    | 2,510         | 2,644         |
| Other interest receivable and similar income         |      | 4             | 9             |
| Interest payable and similar charges                 | 5    | (87)          | (139)         |
| <b>Profit on ordinary activities before taxation</b> |      | 2,427         | 2,514         |
| Tax on profit on ordinary activities                 | 6    | (771)         | (710)         |
| <b>Profit for the financial year</b>                 | 23   | 1,656         | 1,804         |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

|                                                                |             | <b>Group</b>   |                | <b>Company</b> |              |
|----------------------------------------------------------------|-------------|----------------|----------------|----------------|--------------|
|                                                                | <b>Note</b> | <b>2011</b>    | <b>2010</b>    | <b>2011</b>    | <b>2010</b>  |
|                                                                |             | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b> |
| <b>Fixed assets</b>                                            |             |                |                |                |              |
| Intangible assets                                              | 9           | 8,216          | 8,772          | -              | -            |
| Tangible assets                                                | 10          | 1,685          | 1,820          | -              | -            |
| Investments                                                    | 11          | -              | -              | 50             | 50           |
|                                                                |             | <b>9,901</b>   | <b>10,592</b>  | <b>50</b>      | <b>50</b>    |
| <b>Current assets</b>                                          |             |                |                |                |              |
| Stocks                                                         | 12          | 4,027          | 4,870          | -              | -            |
| Debtors                                                        | 13          | 6,777          | 5,898          | -              | -            |
| Cash at bank and in hand                                       |             | -              | 1,286          | 142            | -            |
|                                                                |             | <b>10,804</b>  | <b>12,054</b>  | <b>142</b>     | <b>-</b>     |
| <b>Creditors: amounts falling due within one year</b>          | 14          | <b>(7,318)</b> | <b>(9,647)</b> | <b>-</b>       | <b>-</b>     |
| <b>Net current assets</b>                                      |             | <b>3,486</b>   | <b>2,407</b>   | <b>142</b>     | <b>-</b>     |
| <b>Total assets less current liabilities</b>                   |             | <b>13,387</b>  | <b>12,999</b>  | <b>142</b>     | <b>50</b>    |
| <b>Creditors, amounts falling due after more than one year</b> | 15          | <b>(172)</b>   | <b>(588)</b>   | <b>-</b>       | <b>-</b>     |
|                                                                |             | <b>13,215</b>  | <b>12,411</b>  | <b>192</b>     | <b>50</b>    |
| <b>Capital and reserves</b>                                    |             |                |                |                |              |
| Called-up share capital                                        | 21          | 53             | 50             | 53             | 50           |
| Share Premium                                                  | 22          | 139            | -              | 139            | -            |
| Profit and loss account                                        | 23          | 13,023         | 12,361         | -              | -            |
| <b>Shareholders' funds</b>                                     | 24          | <b>13,215</b>  | <b>12,411</b>  | <b>192</b>     | <b>50</b>    |

These financial statements were approved by the directors and authorised for issue on 2-11-11 and are signed on their behalf by



T P Powell  
 Director

Company Registration Number 06901921

**The accompanying accounting policies and notes form part of these financial statements.**

## Consolidated cash flow statement

|                                                                             |         | 2011<br>£'000  | 2010<br>£'000  |
|-----------------------------------------------------------------------------|---------|----------------|----------------|
| <b>Net cash inflow from operating activities</b>                            | 25      | <b>2,494</b>   | <b>3,839</b>   |
| <b>Returns on investments and servicing of finance</b>                      |         |                |                |
| Interest received                                                           | 4       | 9              |                |
| Interest paid                                                               | (22)    | (82)           |                |
| Interest element of finance lease rentals                                   | (65)    | (57)           |                |
| <b>Net cash outflow for returns on investments and servicing of finance</b> |         | <b>(83)</b>    | <b>(130)</b>   |
| <b>Taxation</b>                                                             |         | <b>(866)</b>   | <b>(609)</b>   |
| <b>Capital expenditure</b>                                                  |         |                |                |
| Payments to acquire tangible fixed assets                                   | (133)   | (316)          |                |
| <b>Net cash outflow for capital expenditure</b>                             |         | <b>(133)</b>   | <b>(316)</b>   |
| <b>Dividends</b>                                                            |         | <b>(994)</b>   | <b>-</b>       |
| <b>Net cash inflow before financing</b>                                     |         | <b>418</b>     | <b>2,784</b>   |
| <b>Financing</b>                                                            |         |                |                |
| Issue of ordinary shares                                                    | 142     | -              |                |
| Repayment of long term bank loan                                            | (1,950) | (1,350)        |                |
| Capital element of finance leases                                           | (224)   | (207)          |                |
| <b>Net cash outflow from financing</b>                                      |         | <b>(2,032)</b> | <b>(1,557)</b> |
| <b>(Decrease)/increase in cash in the year</b>                              | 26      | <b>(1,614)</b> | <b>1,227</b>   |

# Notes to the financial statements

## 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Group, wholly undertaken in the United Kingdom

## 2 Operating profit

Operating profit is stated after charging

|                                                                                             | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------------------------------------------------------------------|---------------|---------------|
| Amortisation of intangible assets                                                           | 556           | 556           |
| Depreciation of owned tangible assets                                                       | 178           | 152           |
| Depreciation of tangible fixed assets held under finance leases and hire purchase contracts | 77            | 77            |
| Loss on disposal of tangible assets                                                         | 13            | 13            |
| Operating lease rentals                                                                     |               |               |
| - Land and buildings                                                                        | 697           | 814           |
| - Plant and machinery                                                                       | 289           | 331           |
| Loss on exchange rate                                                                       | 40            | 177           |
| Fees payable to the company's auditor for the audit of the company's annual accounts        | -             | -             |
| Fees payable to the company's auditor for other services                                    |               |               |
| - Audit of the financial statements of the company's subsidiary pursuant to legislation     | 30            | 28            |
| - Taxation and other services                                                               | 18            | 1             |
|                                                                                             | <u>30</u>     | <u>28</u>     |

The fees payable to the company's auditor has been borne by a subsidiary company

## 3 Particulars of employees

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

|                                                   | 2011<br>No | 2010<br>No |
|---------------------------------------------------|------------|------------|
| Production, distribution, selling, administration | 128        | 118        |

Employment costs

|                       | 2011<br>£'000 | 2010<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 3,325         | 3,605         |
| Social security costs | 297           | 250           |
| Other pension costs   | 52            | 41            |
|                       | <u>3,674</u>  | <u>3,896</u>  |

**4 Directors' emoluments**

|                                                         | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------------------------------|---------------|---------------|
| Emoluments for qualifying services                      | 436           | 793           |
| Company pension contributions to money purchase schemes | 37            | 29            |
|                                                         | <u>473</u>    | <u>822</u>    |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2010 - 3)

Emoluments disclosed above include the following amounts paid to the highest paid director

|                                                         | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------------------------------|---------------|---------------|
| Emoluments for qualifying services                      | 179           | 610           |
| Company pension contributions to money purchase schemes | 10            | 10            |
|                                                         | <u>189</u>    | <u>620</u>    |

Directors emoluments expenses have been borne by a subsidiary company

**5 Interest payable and similar charges**

|                              | 2011<br>£'000 | 2010<br>£'000 |
|------------------------------|---------------|---------------|
| On bank loans and overdrafts | 22            | 82            |
| Lease finance charges        | 65            | 57            |
|                              | <u>87</u>     | <u>139</u>    |

## **6 Taxation**

### **(a) Analysis of charge in the year**

|                                                                            | <b>2011</b><br><b>£'000</b> | <b>2010</b><br><b>£'000</b> |
|----------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Current tax                                                                |                             |                             |
| UK Corporation tax based on the results for the year at 27.33% (2010: 28%) | <b>703</b>                  | 914                         |
| Adjustments in respect of prior periods                                    | <b>(123)</b>                | 40                          |
| Total current tax                                                          | <b><u>580</u></b>           | <b><u>954</u></b>           |
| Deferred tax                                                               |                             |                             |
| Origination and reversal of timing differences (note 18)                   | <b>50</b>                   | (244)                       |
| Adjustments in respect of prior periods (note 18)                          | <b>129</b>                  | -                           |
| Effect of tax rate change on opening balance (note 18)                     | <b>12</b>                   | -                           |
| Tax on profit on ordinary activities                                       | <b><u>771</u></b>           | <b><u>710</u></b>           |

### **(b) Factors affecting current tax charge**

|                                                                    | <b>2011</b><br><b>£'000</b> | <b>2010</b><br><b>£'000</b> |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| Profit on ordinary activities before taxation                      | <b><u>2,427</u></b>         | <b><u>2,514</u></b>         |
| Profit on ordinary activities by rate of tax at 27.33% (2010: 28%) | <b>663</b>                  | 704                         |
| Expenses not deductible for tax purposes                           | <b>207</b>                  | 229                         |
| Capital allowances for period in excess of depreciation            | <b>(21)</b>                 | (92)                        |
| Adjustments in respect of prior periods                            | <b>(123)</b>                | 40                          |
| Other short term timing differences                                | <b>(146)</b>                | 73                          |
| Total current tax (note 6(a))                                      | <b><u>580</u></b>           | <b><u>954</u></b>           |

## **7 Profit for the financial year**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year was £994,000 (2010: Loss of nil).

## **8 Dividends**

|                                  | <b>2011</b><br><b>£'000</b> | <b>2010</b><br><b>£'000</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Ordinary interim dividend - paid | <b><u>994</u></b>           | <b><u>-</u></b>             |

**9 Intangible fixed assets**

|                                 | <b>Goodwill<br/>£'000</b> |
|---------------------------------|---------------------------|
| Cost                            |                           |
| At 1 August 2010 & 31 July 2011 | <u>11,105</u>             |
| Amortisation                    |                           |
| At 1 August 2010                | 2,333                     |
| Charge for the year             | 556                       |
| At 31 July 2011                 | <u>2,889</u>              |
| Net book value                  |                           |
| At 31 July 2011                 | <u>8,216</u>              |
| At 31 July 2010                 | <u>8,772</u>              |

**10 Tangible fixed assets**

|                     | <b>Leasehold<br/>improvements<br/>£'000</b> | <b>Plant &amp;<br/>Machinery<br/>£'000</b> | <b>Fixtures &amp;<br/>Fittings<br/>£'000</b> | <b>Motor<br/>Vehicles<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------|-------------------------------------|------------------------|
| Cost                |                                             |                                            |                                              |                                     |                        |
| At 1 August 2010    | 1,533                                       | 327                                        | 388                                          | 105                                 | 2,353                  |
| Additions           | -                                           | 40                                         | 75                                           | 18                                  | 133                    |
| Disposals           | -                                           | -                                          | (22)                                         | (44)                                | (66)                   |
| At 31 July 2011     | <u>1,533</u>                                | <u>367</u>                                 | <u>441</u>                                   | <u>79</u>                           | <u>2,420</u>           |
| Depreciation        |                                             |                                            |                                              |                                     |                        |
| At 1 August 2010    | 240                                         | 124                                        | 117                                          | 52                                  | 553                    |
| Charge for the year | 108                                         | 61                                         | 70                                           | 16                                  | 255                    |
| On disposals        | -                                           | -                                          | (15)                                         | (38)                                | (53)                   |
| At 31 July 2011     | <u>348</u>                                  | <u>185</u>                                 | <u>172</u>                                   | <u>30</u>                           | <u>735</u>             |
| Net book value      |                                             |                                            |                                              |                                     |                        |
| At 31 July 2011     | <u>1,185</u>                                | <u>182</u>                                 | <u>269</u>                                   | <u>49</u>                           | <u>1,685</u>           |
| At 31 July 2010     | <u>1,293</u>                                | <u>203</u>                                 | <u>271</u>                                   | <u>53</u>                           | <u>1,820</u>           |

Included within the net book value of £1,685,000 is £878,000 (2010 - £955,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £77,000 (2010 - £77,000).

**11 Fixed asset investments**

**Company**

**Shares in group  
undertakings  
£'000**

**Cost**

At 1 August 2010 & 31 July 2011

**50**

In July 2011, the group acquired 100% of the ordinary share capital of Adora Bathrooms Limited, a dormant UK company, for a total cash consideration of £1. No transaction costs were incurred.

At 31 July 2011 the company has interests in the following subsidiary undertakings

| Subsidiary undertaking                             | Country of incorporation | Class of share capital | Proportion held | Nature of business                             |
|----------------------------------------------------|--------------------------|------------------------|-----------------|------------------------------------------------|
| Crosswater Holdings Limited                        | England and Wales        | Ordinary               | 100%            | Holding company                                |
| Crosswater Limited                                 | England and Wales        | Ordinary               | 100%            | Supplier of bathrooms, taps and showers        |
| Classic Showers Limited                            | England and Wales        | Ordinary               | 100%            | Manufacturer and supplier of shower enclosures |
| Prospect Sales Company (Plumbing Supplies) Limited | England and Wales        | Ordinary               | 100%            | Non-trading                                    |
| Bauhaus Industries Limited                         | England and Wales        | Ordinary               | 100%            | Non-trading                                    |
| Mirus Bathrooms Limited                            | England and Wales        | Ordinary               | 100%            | Non-trading                                    |
| Adora Bathrooms Limited                            | England and Wales        | Ordinary               | 100%            | Non-trading                                    |

**12 Stocks**

|                                          | <b>Group</b> |              | <b>Company</b> |              |
|------------------------------------------|--------------|--------------|----------------|--------------|
|                                          | <b>2011</b>  | <b>2010</b>  | <b>2011</b>    | <b>2010</b>  |
|                                          | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Finished goods and goods held for resale | <b>4,027</b> | <b>4,870</b> | <b>-</b>       | <b>-</b>     |

**13 Debtors**

|                                | <b>Group</b> |              | <b>Company</b> |              |
|--------------------------------|--------------|--------------|----------------|--------------|
|                                | <b>2011</b>  | <b>2010</b>  | <b>2011</b>    | <b>2010</b>  |
|                                | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Trade debtors                  | <b>5,901</b> | <b>4,898</b> | <b>-</b>       | <b>-</b>     |
| Other debtors                  | <b>72</b>    | <b>91</b>    | <b>-</b>       | <b>-</b>     |
| Deferred tax (note 18)         | <b>53</b>    | <b>244</b>   | <b>-</b>       | <b>-</b>     |
| Prepayments and accrued income | <b>751</b>   | <b>665</b>   | <b>-</b>       | <b>-</b>     |
|                                | <b>6,777</b> | <b>5,898</b> | <b>-</b>       | <b>-</b>     |

**14 Creditors: amounts falling due within one year**

|                                    | <b>Group</b> |              | <b>Company</b> |              |
|------------------------------------|--------------|--------------|----------------|--------------|
|                                    | <b>2011</b>  | <b>2010</b>  | <b>2011</b>    | <b>2010</b>  |
|                                    | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Bank loans and overdrafts          | 328          | 1,800        | -              | -            |
| Trade creditors                    | 3,913        | 4,307        | -              | -            |
| Corporation tax                    | 250          | 536          | -              | -            |
| Other taxation and social security | 640          | 695          | -              | -            |
| Amounts due under finance leases   | 241          | 199          | -              | -            |
| Accruals and deferred income       | 1,946        | 2,110        | -              | -            |
|                                    | <u>7,318</u> | <u>9,647</u> | <u>-</u>       | <u>-</u>     |

**15 Creditors: amounts falling due after more than one year**

|                                  | <b>Group</b> |              | <b>Company</b> |              |
|----------------------------------|--------------|--------------|----------------|--------------|
|                                  | <b>2011</b>  | <b>2010</b>  | <b>2011</b>    | <b>2010</b>  |
|                                  | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Bank loans                       | -            | 150          | -              | -            |
| Amounts due under finance leases | 172          | 438          | -              | -            |
|                                  | <u>172</u>   | <u>588</u>   | <u>-</u>       | <u>-</u>     |
| <b>Analysis of loans</b>         |              |              |                |              |
| Wholly repayable within 5 years  | -            | 1,950        | -              | -            |
| Included in current liabilities  | -            | (1,800)      | -              | -            |
|                                  | <u>-</u>     | <u>150</u>   | <u>-</u>       | <u>-</u>     |

**16 Commitments under finance leases**

Future commitments under finance leases net of future finance lease charges are as follows

| <b>Group</b>                                                 | <b>2011</b>  | <b>2010</b>  |
|--------------------------------------------------------------|--------------|--------------|
|                                                              | <b>£'000</b> | <b>£'000</b> |
| Amounts payable within 1 year                                | 263          | 263          |
| Amounts payable between 1 to 5 years                         | 176          | 439          |
|                                                              | <u>439</u>   | <u>702</u>   |
| Less interest and finance charges relating to future periods | (26)         | (65)         |
|                                                              | <u>413</u>   | <u>637</u>   |
| <b>Finance leases are analysed as follows</b>                |              |              |
| Current obligations                                          | 241          | 199          |
| Non-current obligations                                      | 172          | 438          |
|                                                              | <u>413</u>   | <u>637</u>   |

## **17 Commitments under operating leases**

At 31 July 2011 the company had annual commitments under non-cancellable operating leases as set out below

|                               | 2011                           |                         | 2010                           |                         |
|-------------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|                               | Land and<br>buildings<br>£'000 | Other<br>Items<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>Items<br>£'000 |
| Operating leases which expire |                                |                         |                                |                         |
| Within 1 year                 | -                              | 23                      | -                              | 159                     |
| Within 2 to 5 years           |                                | 248                     | -                              | 79                      |
| After more than 5 years       | 537                            | -                       | 697                            | -                       |
|                               | <u>537</u>                     | <u>271</u>              | <u>697</u>                     | <u>238</u>              |

## **18 Deferred taxation**

The movement in the deferred taxation asset during the year was

|                                                | 2011<br>£'000 | 2010<br>£'000 |
|------------------------------------------------|---------------|---------------|
| Asset brought forward                          | 244           | -             |
| Origination and reversal of timing differences | (50)          | 244           |
| Adjustments in respect of prior periods        | (129)         | -             |
| Effect of tax rate change on opening balance   | (12)          | -             |
| Asset carried forward (note 13)                | <u>53</u>     | <u>244</u>    |

The asset for deferred taxation consists of the tax effect of timing differences in respect of

|                                | 2011<br>£'000 | 2010<br>£'000 |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | (33)          | (22)          |
| Short term timing differences  | 86            | 266           |
|                                | <u>53</u>     | <u>244</u>    |

## **19 Pension and other post-retirement benefit commitments**

### **Defined contribution**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £14,927 (2010 £12,000)

## **20 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the company

During the year, D R Hance received a dividend of £235,000 (2010 £nil) and P Carr received a dividend of £30,000 (2010 £nil)

## **21 Share capital**

Authorised

|                                 | 2011               |              | 2010               |              |
|---------------------------------|--------------------|--------------|--------------------|--------------|
|                                 | No                 | £'000        | No                 | £'000        |
| Ordinary shares of £0.01 each   | 99,500,000         | 995          | 99,500,000         | 995          |
| Ordinary B shares of £0.01 each | 500,000            | 5            | 500,000            | 5            |
|                                 | <u>100,000,000</u> | <u>1,000</u> | <u>100,000,000</u> | <u>1,000</u> |

Allotted, called up and fully paid

|                                 | 2011             |           | 2010             |           |
|---------------------------------|------------------|-----------|------------------|-----------|
|                                 | No               | £'000     | No               | £'000     |
| Ordinary shares of £0.01 each   | 5,000,000        | 50        | 5,000,000        | 50        |
| Ordinary B shares of £0.01 each | 267,400          | 3         | -                | -         |
|                                 | <u>5,267,400</u> | <u>53</u> | <u>5,000,000</u> | <u>50</u> |

The ordinary shares participate alongside the other classes of shares on any dividend or return of capital on a pro-rata basis. The ordinary share entitles the holders to one vote per share.

The ordinary B shares participate alongside the other classes of shares on any dividend or return of capital on a pro-rata basis. The ordinary B shares confer the right to receive notice of, but not to vote, at a general meeting unless the meeting includes consideration of resolution rights attaching to the ordinary B shares, in which case an ordinary B shareholder may vote in respect of such a resolution.

During the year, the 267,400 ordinary B shares were issued to two of the directors for a total consideration of £142,000.

## **22 Share premium**

Group and company

|                                            | £'000      |
|--------------------------------------------|------------|
| Balance brought forward at 1 August 2010   | -          |
| Share premium of shares issued in the year | <u>139</u> |
| Balance carried forward at 31 July 2011    | <u>139</u> |

**23 Profit and loss account**

**Group**

|                                          | <b>£'000</b>  |
|------------------------------------------|---------------|
| Balance brought forward at 1 August 2010 | 12,361        |
| Profit for the financial year            | 1,656         |
| Dividends                                | (994)         |
| Balance carried forward at 31 July 2011  | <u>13,023</u> |

**Company**

|                                          | <b>£'000</b> |
|------------------------------------------|--------------|
| Balance brought forward at 1 August 2010 | -            |
| Profit for the financial year            | 994          |
| Dividend Paid                            | (994)        |
| Balance carried forward at 31 July 2011  | <u>-</u>     |

**24 Reconciliation of movements in shareholders' funds**

**Group**

|                                     | <b>2011<br/>£'000</b> | <b>2010<br/>£'000</b> |
|-------------------------------------|-----------------------|-----------------------|
| Profit for the financial year       | 1,656                 | 1,804                 |
| Shares issued                       | 142                   | -                     |
| Dividends                           | (994)                 | -                     |
| Net addition to shareholders' funds | <u>804</u>            | 1,804                 |
| Opening shareholders' funds         | <u>12,411</u>         | 10,607                |
| Closing shareholders' funds         | <u>13,215</u>         | <u>12,411</u>         |

**Company**

|                                     | <b>2011<br/>£'000</b> | <b>2010<br/>£'000</b> |
|-------------------------------------|-----------------------|-----------------------|
| Profit for the financial year       | -                     | -                     |
| Shares issued                       | 142                   | -                     |
| Net addition to shareholders' funds | <u>142</u>            | -                     |
| Opening shareholders' funds         | <u>50</u>             | 50                    |
| Closing shareholders' funds         | <u>192</u>            | <u>50</u>             |

**25 Net cash inflow from operating activities**

| Group                                     | 2011<br>£'000 | 2010<br>£'000 |
|-------------------------------------------|---------------|---------------|
| Operating profit                          | 2,510         | 2,644         |
| Depreciation                              | 255           | 229           |
| Amortisation of goodwill on consolidation | 556           | 556           |
| Loss on disposal                          | 13            | 13            |
| Decrease/(increase) in stock              | 843           | (455)         |
| (Increase)/decrease in debtors            | (1,070)       | 312           |
| (Decrease)/increase in creditors          | (613)         | 540           |
| Net cash inflow from operating activities | <u>2,494</u>  | <u>3,839</u>  |

**26 Analysis in changes in net debt**

| Group                            | At<br>1 August<br>2010<br>£'000 | Net cash<br>inflow<br>£'000 | At<br>31 July<br>2011<br>£'000 |
|----------------------------------|---------------------------------|-----------------------------|--------------------------------|
| Cash at bank and overdraft       | 1,286                           | (1,614)                     | (328)                          |
| Bank loan                        | (1,950)                         | 1,950                       | -                              |
| Amount payable on finance leases | (637)                           | 224                         | (413)                          |
| Net debt                         | <u>(1,301)</u>                  | <u>560</u>                  | <u>(741)</u>                   |

**27 Contingent liabilities**

A cross guarantee of a fixed and floating charge over the assets of the company, Crosswater Holdings UK Limited, and its subsidiary companies, is in place to secure the borrowings and overdraft in the holding company of £328,000 (2010 £1,950,000)

**28 Capital commitment**

At 31 July 2010 and 31 July 2011, the Group has no capital commitments

**29 Controlling parties**

There is no-one whom the directors consider is in overall control

The largest group in which the results of the company are consolidated is that of the company. The consolidated financial statements of the company can be obtained from Charles Park, Crossways Boulevard, Crossways, Dartford, Kent, DA9 9AY