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Company Registration No 06901921 (England and Wales)

CROSSWATER HOLDINGS UK LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

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CROSSWATER HOLDINGS UK LIMITED

COMPANY INFORMATION

Directors	D R Hance P Carr T Powell D Boothman P Riley
Secretary	T Powell
Company number	06901921
Registered office	Charles Park Crossways Boulevard Crossways Dartford Kent DA9 9AY
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom

CROSSWATER HOLDINGS UK LIMITED

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CROSSWATER HOLDINGS UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

The directors present their report and group financial statements for the period ended 31 December 2011

Principal activities and review of the business

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

During the period the company changed its accounting year end to 31 December 2011 (previously 31 July 2011) Consequently the trading results are for a 5 month period The comparative figures relate to the year ended 31 July 2011 (12 months)

The group made a pre-tax profit of £1,394k (2011 - £2,427k) for the period on a turnover of £14,951k (2011 - £32,945k)

At 31 December 2011 the group had net assets of £14,162k (2011 - £13,215k)

The directors are satisfied that despite the continued challenging market conditions, the group continued to show strong growth in sales and profitability

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business

Dividends

The directors recommend payment of an ordinary dividend amounting to £115,750 as provided for in these accounts

Directors

The directors who served during the period were

D R Hance
P Carr
I Powell
D Boothman
P Riley (Appointed 23 September 2011)

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 as 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 invoice discounting facilities Debt is structured so repayments can be made out of cash generated through operations

Foreign 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' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information

Auditors

H W Fisher & Company were appointed auditors to the company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the members

On behalf of the board



I Powell

Director

Dated 23-03-2012

CROSSWATER HOLDINGS UK LIMITED

STATEMENT OF 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 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 company and of the group 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

CROSSWATER HOLDINGS UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CROSSWATER HOLDINGS UK LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Crosswater Holdings UK Limited for the period ended 31 December 2011 set out on pages 5 to 19 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's profit for the period 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

N J Thaker (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants
Statutory Auditor

Acre House
11-15 William Road
London
United Kingdom
NW1 3ER

Dated 23-03-2012

CROSSWATER HOLDINGS UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2011

	Notes	Period ended 31 December 2011 £000	Year ended 31 July 2011 £000
Turnover	2	14,951	32,945
Cost of sales		(9,229)	(20,694)
Gross profit		5,722	12,251
Distribution costs		(835)	(1,948)
Administrative expenses		(3,482)	(7,793)
Operating profit	3	1,405	2,510
Other interest receivable and similar income		-	4
Interest payable and similar charges	6	(11)	(87)
Profit on ordinary activities before taxation		1,394	2,427
Tax on profit on ordinary activities	7	(331)	(771)
Profit on ordinary activities after taxation		1,063	1,656

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

There are no recognised gains and losses other than those passing through the profit and loss account

Company Registration No 06901921 (England and Wales)

CROSSWATER HOLDINGS UK LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Notes	Group December 2011 £000	Group July 2011 £000	Company December 2011 £000	Company July 2011 £000
Fixed assets					
Intangible assets	10	7,983	8,216	-	-
Tangible assets	11	1,646	1,685	-	-
Investments	12	-	-	50	50
		9,629	9,901	50	50
Current assets					
Stocks	13	4,590	4,027	-	-
Debtors	14	5,973	6,777	-	-
Cash at bank and in hand		1,441	148	142	142
		12,004	10,952	142	142
Creditors amounts falling due within one year	15	(7,408)	(7,466)	-	-
Net current assets		4,596	3,486	142	142
Total assets less current liabilities		14,225	13,387	192	192
Creditors amounts falling due after more than one year	16	(63)	(172)	-	-
		14,162	13,215	192	192
Capital and reserves					
Called up share capital	19	53	53	53	53
Share premium account	20	139	139	139	139
Profit and loss account	20	13,970	13,023	-	-
Shareholders' funds	21	14,162	13,215	192	192

Approved by the Board and authorised for issue on 23-03-2012

T Powell
Director

CROSSWATER HOLDINGS UK LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2011

	Notes	£000	Period ended 31 December 2011 £000	£000	Year ended 31 July 2011 £000
Net cash inflow from operating activities	22		2 141		2,493
Returns on investments and servicing of finance					
Interest received		-		4	
Interest paid		-		(22)	
Interest element of finance lease rentals		(11)		(65)	
Net cash outflow for returns on investments and servicing of finance			(11)		(83)
Taxation			(177)		(865)
Capital expenditure					
Payments to acquire tangible fixed assets		(108)		(133)	
Receipts from sales of tangible fixed assets		22		-	
Net cash outflow for capital expenditure			(86)		(133)
Equity dividends paid			-		(994)
Net cash inflow before financing			1,867		418
Financing					
Issue of ordinary share capital		-		142	
Repayment of long term bank loan		-		(1,950)	
Capital element of finance leases		(98)		(224)	
Net cash inflow/(outflow) from financing			(98)		(2,032)
Increase/(decrease) in cash in the period	24, 23		1,769		(1,614)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention

1 2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

1 3 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 December 2011 The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes Intra-group sales and profits are eliminated fully on consolidation

1 4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1 5 Goodwill

Goodwill is written off over a period of 20 years

1 6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

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

1 7 Leasing

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements The corresponding obligations under these agreements are included in creditors The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period

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

1 8 Investments

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

1 9 Stock

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

1 10 Pensions

The group operates a defined contributions pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

1 Accounting policies **(Continued)**

1 11 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

1 12 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date All exchange differences are taken to the profit and loss account

1 13 Comparatives

The comparative figures relate to the year ended 31 July 2011

2 Turnover

The total turnover of the group for the period has been derived from its principal activity largely undertaken in the United Kingdom

3 Operating profit

	December 2011	July 2011
	£000	£000
Operating profit is stated after charging		
Amortisation of intangible assets	233	556
Depreciation of owned tangible assets	77	182
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	30	73
Loss on disposal of tangible assets	18	13
Operating lease rentals		
- Plant and machinery	49	289
- Other assets	267	697
Fees payable to the group's auditor for the audit of the group's annual accounts	21	30

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

4 Directors' emoluments	Dececmber 2011	July 2011
	£000	£000
Emoluments for qualifying services	275	436
Company pension contributions to money purchase schemes	16	37

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

Emoluments for qualifying services	82	179
Company pension contributions to money purchase schemes	5	10

5 Employees

Number of employees

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

	December 2011	July 2011
	Number	Number
Production, distribution, selling, administration	117	128

Employment costs	December 2011	July 2011
	£000	£000
Wages and salaries	1,537	3,325
Social security costs	154	297
Other pension costs	23	52
	1,714	3,674

6 Interest payable	December 2011	July 2011
	£000	£000
On bank loans and overdrafts	-	22
Lease finance charges	11	65
	11	87

7 Taxation	December 2011 £000	July 2011 £000
Domestic current year tax		
U K corporation tax	378	703
Adjustment for prior years	(65)	(123)
Current tax charge	313	580
Deferred tax		
Deferred tax charge	18	191
	331	771
Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	1,394	2,427
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26 00% (2011 - 27 33%)	362	663
Effects of		
Non deductible expenses	67	207
Depreciation add back	20	40
Capital allowances	(19)	(61)
Adjustments to previous periods	(65)	(123)
Other short term timing differences	(52)	(146)
	(49)	(83)
Current tax charge	313	580

8 Profit for the financial period

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 period is made up as follows

	December 2011 £000	July 2011 £000
Holding company's profit for the financial period	116	994

9 Dividends	December 2011 £000	July 2011 £000
Ordinary final proposed	116	-

10 **Intangible fixed assets**

Group

	Goodwill £000
Cost	
At 1 August 2011 & at 31 December 2011	11,105
Amortisation	
At 1 August 2011	2,889
Charge for the period	233
At 31 December 2011	3,122
Net book value	
At 31 December 2011	7,983
At 31 July 2011	8,216

11 **Tangible fixed assets**

Group

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 August 2011	1,533	367	441	79	2,420
Additions	3	84	21	-	108
Disposals	-	(17)	-	(35)	(52)
At 31 December 2011	1,536	434	462	44	2,476
Depreciation					
At 1 August 2011	348	185	172	30	735
On disposals	-	(3)	-	(9)	(12)
Charge for the period	40	36	28	3	107
At 31 December 2011	388	218	200	24	830
Net book value					
At 31 December 2011	1,148	216	262	20	1,646
At 31 July 2011	1,185	182	269	49	1,685

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £795,145 (2011 - £825,481) in respect of assets held under finance leases or hire purchase contracts

12 Fixed asset investments

Company

	Shares in group undertakings
	£000
Cost	
At 1 August 2011 & at 31 December 2011	50
Net book value	
At 31 December 2011	50
At 31 July 2011	50

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Crosswater Holdings Limited	England and Wales	Ordinary	100
Crosswater Limited*	England and Wales	Ordinary	100
Classic Showers Limited*	England and Wales	Ordinary	100
Prospect Sales Co (Plumbing Supplies) Limited*	England and Wales	Ordinary	100
Bauhaus Industries Limited*	England and Wales	Ordinary	100
Mirus Bathrooms Limited*	England and Wales	Ordinary	100
Adora Bathrooms Limited*	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Crosswater Holdings Limited	Holding company
Crosswater Limited*	Supplier of bathrooms, taps and showers
Classic Showers Limited*	Non-trading
Prospect Sales Co (Plumbing Supplies) Limited*	Non-trading
Bauhaus Industries Limited*	Non-trading
Mirus Bathrooms Limited*	Non-trading
Adora Bathrooms Limited*	Non-trading

* These subsidiaries are held indirectly by the group

13 Stocks

	Group		Company	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Finished goods and goods for resale	4,590	4,027	-	-

14 Debtors

	Group		Company	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Trade debtors	5,171	5,901	-	-
Other debtors	350	360	-	-
Prepayments and accrued income	418	464	-	-
Deferred tax asset (see note 17)	34	52	-	-
	5,973	6,777	-	-

15 Creditors amounts falling due within one year

	Group		Company	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Bank overdrafts	-	476	-	-
Net obligations under finance lease and hire purchase contracts	252	241	-	-
Trade creditors	3,777	3,913	-	-
Corporation tax	386	250	-	-
Taxes and social security costs	540	640	-	-
Accruals and deferred income	2,337	1,946	-	-
Proposed dividend	116	-	-	-
	7,408	7,466	-	-

16 **Creditors amounts falling due after more than one year**

	Group		Company	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase agreements	63	172	-	-
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	252	241	-	-
Repayable between one and five years	63	172	-	-
	315	413	-	-
Included in liabilities falling due within one year	(252)	(241)	-	-
	63	172	-	-

17 **Provisions for liabilities**

The deferred tax asset (included in debtors, note 14) is made up as follows

	Group	Company
	2011	2011
	£000	£000
Balance at 1 August 2011	(52)	-
Profit and loss account	18	-
Balance at 31 December 2011	(34)	-

	Group		Company	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Accelerated capital allowances	34	34	-	-
Other timing differences	(68)	(86)	-	-
	(34)	(52)	-	-

18 **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 £23k (2011- £52k)

19 Share capital	December 2011	July 2011
	£000	£000
Allotted, called up and fully paid		
5,000,000 Ordinary shares of 1p each	50	50
267,400 Ordinary "B" shares of 1p each	3	3
	53	53

20 Statement of movements on reserves

Group

	Share premium account	Profit and loss account
	£000	£000
Balance at 1 August 2011	139	13,023
Profit for the period	-	1,063
Dividends	-	(116)
Balance at 31 December 2011	139	13,970

21 Reconciliation of movements in shareholders' funds	December 2011	July 2011
Group	£000	£000
Profit for the financial period	1,063	1 656
Dividends	(116)	(994)
	947	662
Proceeds from issue of shares	-	142
Net addition to shareholders' funds	947	804
Opening shareholders' funds	13,215	12,411
Closing shareholders' funds	14,162	13,215

22	Reconciliation of operating profit to net cash inflow from operating activities	December 2011 £000	July 2011 £000
	Operating profit	1,405	2 510
	Depreciation of tangible fixed assets	107	255
	Amortisation of intangible fixed assets	233	556
	Loss on disposal of tangible fixed assets	18	13
	(Increase)/decrease in stocks	(563)	843
	Decrease/(increase) in debtors	786	(1,071)
	(Decrease)/increase in creditors	155	(613)
	Net cash inflow from operating activities	2,141	2,493

23	Reconciliation of net cash flow to movement in net debt	December 2011 £000	July 2011 £000
	Increase/(decrease) in cash in the period	1,769	(1,614)
	Repayment of long term bank loan	-	1,950
	Finance lease payments -	98	224
	Movement in net (debt)/funds in the period	1,867	560
	Opening net debt	(741)	(1,301)
	Closing net funds/(debt)	1,126	(741)

24	Analysis of net funds/(debt)	1 August 2011	Cash flow	Other non-cash changes	31 December 2011
		£000	£000	£000	£000
	Net cash				
	Cash at bank and in hand	148	1,293	-	1,441
	Bank overdrafts	(476)	476	-	-
			1,769		
	Debt				
	Finance leases and hire purchase	(413)	98	-	(315)
	Net funds/(debt)	(741)	1,867	-	1,126

25 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	December 2011	July 2011	December 2011	July 2011
	£000	£000	£000	£000
Expiry date				
Within one year	-	-	-	23
Between two and five years	-	-	34	248
In over five years	641	537	-	-
	641	537	34	271

26 Related party disclosures

In its normal course of business Crosswater Limited trades with Bathroom Sourcing Limited (BRS), a subsidiary of Bathroom Brands Limited (BBL), a company registered in Jersey During the period Crosswater Limited purchased £4,710k of goods from BRS As at 31 December 2011 Crosswater Limited owed £1,359k to BRS BBL is the ultimate parent company