



CROSSWATER HOLDINGS UK LIMITED

Group Annual Report and Financial Statements

For the Year Ended 31 December 2012

Company Registered number 06901921 (England and Wales)



CROSSWATER HOLDINGS UK LIMITED

FINANCIAL STATEMENTS

for the year ended 31 December 2012

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CROSSWATER HOLDINGS UK LIMITED

COMPANY INFORMATION

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

CROSSWATER HOLDINGS UK LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Crosswater Holdings UK Limited ("the company") together with its subsidiaries ("the group") for the year ended 31 December 2012. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

Principal activity and business review

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

Results for the year

The group changed its accounting reference date to 31 December in the prior period. Consequently the trading results for the comparative figures are for a 5 month period from 1 August 2011 to 31 December 2011.

The group has prepared its financial statements in compliance with IFRSs for the first time having previously applied United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The group profit before tax for the year was £2.84m (2011: £1.62m) and revenue was £38.64m (2011: £14.95m).

At 31 December 2012 the group had equity of £14,656k (2011: £14,395k) after taking into account £1,185k (2011: £nil) utilised with regards to a repurchase of own shares.

Key Performance Indicators

The group's key financial and other performance indicators during the year were as follows:

	2012	2011
	(12 months)	(5 months)
	£000's	£000's
Revenue	38,641	14,951
Results from operating activities	2,853	1,638
Profit for the period	2,096	1,296

Business Review, Future Developments and Principal Risks

Business Review

The directors are satisfied that despite the continuing difficult economic conditions the group has shown strong growth in sales with margins in line with expectations.

Future Developments

The group has a strong record of bringing innovative products to the market across all of its brands. The group will be launching a new digital range in 2013 under its Crosswater brand of leading bathroom products.

CROSSWATER HOLDINGS UK LIMITED

DIRECTORS' REPORT

Risks and uncertainties

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 group's bankers. Short-term flexibility is achieved by invoicing 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 and forward foreign exchange contracts.

Credit risk

The group's principle 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 aging and collection history.

Dividends

The dividends paid during the year are shown in note 10 to the accounts.

The directors do not recommend the payment of a further dividend.

Political and charitable donations

The group made charitable donations during the year to the following causes:

	£000's
Medical	10
Other	4

CROSSWATER HOLDINGS UK LIMITED

DIRECTORS' REPORT

Directors of the Company

The directors who served during the year were

D R Hance

T Powell

P Riley

R Cooper Appointed on 11 September 2012

P Carr Resigned on 13 July 2012

D Boothman Resigned on 26 July 2012

Statement of directors' responsibilities

The directors are responsible for preparing the group and parent company financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit and loss of the group for that year.

In preparing each of the group and parent company 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 they have been prepared in accordance with IFRS's as adopted by the EU subject to any material departures disclosed and explained in the parent company financial statements, and
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the directors are also responsible for preparing a Directors' Report to comply with that law and those regulations.

In determining how amounts are presented within terms in the statement of comprehensive income and statement of financial position the directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

CROSSWATER HOLDINGS UK LIMITED

DIRECTORS' REPORT

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

The auditors of the statutory financial statements, H W Fisher and Company, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf by



T Powell
Director

16TH APRIL 2013

Crosswater Holdings UK Limited

INDEPENDENT AUDITOR'S REPORT

To the Members of Crosswater Holdings UK Limited

We have audited the financial statements of Crosswater Holdings UK Limited for the year ended 31 December 2012 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the group'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 group'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 group and the group'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 Statement of Directors' Responsibilities 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 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 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 Directors' Report and other surrounding information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

CROSSWATER HOLDINGS UK LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Crosswater Holdings UK Limited

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 group 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



Navinchandra Thaker (Senior Statutory Auditor)
For and on behalf of H W Fisher & Company

Chartered Accountants
Statutory Auditors
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER

Dated 16th April 2013

CROSSWATER HOLDINGS UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME - GROUP
for the year ended 31 December 2012

		Year ended 31 December 2012	5 months ended 31 December 2011
	Note	£000's	£000's
Revenue	5	38,641	14,951
Cost of sales		<u>(24,641)</u>	<u>(9,229)</u>
Gross profit		14,000	5,722
Other distribution expenses		(2,139)	(835)
Other administrative expenses		<u>(9,008)</u>	<u>(3,249)</u>
Results from operating activities	6	2,853	1,638
Finance income		5	-
Finance costs	8	<u>(14)</u>	<u>(11)</u>
Profit before tax		2,844	1,627
Income tax expense	9	<u>(748)</u>	<u>(331)</u>
Profit for the period (attributable to members of the parent company)		2,096	1,296
Other comprehensive income		-	-
Total comprehensive profit (attributable to members of the parent company)		<u>2,096</u>	<u>1,296</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements

CROSSWATER HOLDINGS UK LIMITED**REGISTERED NO: 06901921****STATEMENT OF FINANCIAL POSITION – GROUP***as at 31 December 2012*

	Note	As at 31 December 2012 IFRS £000's	As at 31 December 2011 IFRS £000's	As at 31 July 2011 UK GAAP £000's
ASSETS				
Non-current assets				
Goodwill	11	8,216	8,216	8,216
Property, plant and equipment	12	1,657	1,646	1,685
Deferred tax	17	<u>52</u>	<u>34</u>	<u>52</u>
		9,925	9,896	9,953
Current assets				
Inventories	14	6,579	4,590	4,027
Trade and other receivables	15	7,074	5,939	6,725
Cash and cash equivalents	24	<u>764</u>	<u>1,441</u>	<u>148</u>
		14,417	11,970	10,900
Total assets		<u>24,342</u>	<u>21,866</u>	<u>20,853</u>
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital	21	50	53	53
Other reserves	22	142	139	139
Retained earnings		<u>14,464</u>	<u>14,203</u>	<u>13,023</u>
Total equity		14,656	14,395	13,215
Non-current liabilities				
Obligations under finance leases	18	-	63	172
Current liabilities				
Trade and other payables	16	7,742	6,770	6,499
Current tax liabilities		333	386	250
Obligations under finance leases	18	65	252	241
Borrowings	19	<u>1,546</u>	<u>-</u>	<u>476</u>
		9,686	7,408	7,466
Total equity and liabilities		<u>24,342</u>	<u>21,866</u>	<u>20,853</u>

The financial statements were approved by the Board of Directors on 16th June 2013 and signed on its behalf by


T Powell

Director

The accompanying accounting policies and explanatory notes form an integral part of these financial statements

CROSSWATER HOLDINGS UK LIMITED**REGISTERED NO: 06901921****STATEMENT OF FINANCIAL POSITION – COMPANY***as at 31 December 2012*

	Note	As at 31 December 2012 IFRS £000's	As at 31 December 2011 IFRS £000's	As at 31 July 2011 UK GAAP £000's
ASSETS				
Non-current assets				
Investments in subsidiaries	13	<u>50</u>	<u>50</u>	<u>50</u>
		50	50	50
Current assets				
Trade and other receivables	15	6	116	-
Cash and cash equivalents	24	<u>752</u>	<u>142</u>	<u>142</u>
		758	258	142
Total assets		<u>808</u>	<u>308</u>	<u>192</u>
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital	21	50	53	53
Other reserves	22	142	139	139
Retained earnings		<u>-</u>	<u>-</u>	<u>-</u>
Total equity		192	192	192
Current liabilities				
Trade and other payables	16	<u>616</u>	<u>116</u>	<u>-</u>
Total equity and liabilities		<u>808</u>	<u>308</u>	<u>192</u>

The financial statements were approved by the Board of Directors on 16th APRIL 2013 and signed on its behalf by



T Powell
Director

The accompanying accounting policies and explanatory notes form an integral part of these financial statements

CROSSWATER HOLDINGS UK LIMITED
STATEMENT OF CHANGES IN EQUITY - GROUP
for the year ended 31 December 2012

	Share capital £000's	Other reserves £000's	Retained earnings £000's	Total equity £000's
Balance at 1 August 2011	53	139	13,023	13,215
Dividends			(116)	(116)
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>1,296</u>	<u>1,296</u>
Balance at 31 December 2011	53	139	14,203	14,395
Purchase of own shares	(3)	3	(1,185)	(1,185)
Dividends			(650)	(650)
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>2,096</u>	<u>2,096</u>
Balance at 31 December 2012	<u>50</u>	<u>142</u>	<u>14,464</u>	<u>14,656</u>

The following describes the nature and purpose of each reserve within owners' equity

Share capital	Amount subscribed for share capital at nominal value
Other reserves	Includes amounts subscribed for share capital in excess of nominal value and non-distributable reserves in relation to repurchased share capital
Retained earnings	Cumulative net profits recognised in the financial statements

CROSSWATER HOLDINGS UK LIMITED
STATEMENT OF CHANGES IN EQUITY - COMPANY
for the year ended 31 December 2012

	Share Capital £000's	Other reserves £000's	Retained earnings £000's	Total equity £000's
Balance at 1 August 2011	53	139	-	192
Dividends			-	(116)
Total comprehensive profit for the year	-	-	-	<u>116</u>
Balance at 31 December 2011	53	139	-	192
Purchase of own shares	(3)	3	(1,185)	(1,185)
Dividends			(650)	(650)
Total comprehensive profit for the year	-	-	<u>1,835</u>	<u>1,835</u>
Balance at 31 December 2012	<u>50</u>	<u>142</u>	<u>-</u>	<u>192</u>

The following describes the nature and purpose of each reserve within owners' equity

Share capital	Amount subscribed for share capital at nominal value
Other reserves	Includes amounts subscribed for share capital in excess of nominal value and non-distributable reserves in relation to repurchased share capital
Retained earnings	Cumulative net profits recognised in the financial statements

CROSSWATER HOLDINGS UK LIMITED
STATEMENT OF CASH FLOWS - GROUP
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Net cash from operating activities	25	<u>304</u>	<u>1,964</u>
Cash flows from investing activities			
Interest received		5	-
Interest paid		(14)	(11)
Purchase of property, plant and equipment		(317)	(108)
Proceeds from sale of property, plant and equipment		<u>-</u>	<u>22</u>
Net cash from investing activities		<u>(326)</u>	<u>(97)</u>
Cash flows from financing activities			
Purchase of own shares	21	(1,185)	-
Proceeds from borrowings		1,546	-
Repayment of obligations under finance leases		(250)	(98)
Dividends paid		<u>(766)</u>	<u>-</u>
Net cash from financing activities		<u>(655)</u>	<u>(98)</u>
Net (decrease)/increase in cash and cash equivalents		(677)	1,769
Cash and cash equivalents at beginning of the period		<u>1,441</u>	<u>(328)</u>
Cash at end of period	24	<u>764</u>	<u>1,441</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements

CROSSWATER HOLDINGS UK LIMITED
STATEMENT OF CASH FLOWS - COMPANY
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Net cash from operating activities	25	<u>610</u>	<u>-</u>
Cash flows from investing activities			
Dividends received		<u>1,951</u>	<u>-</u>
Net cash from investing activities		<u>1,951</u>	<u>-</u>
Cash flows from financing activities			
Purchase of own shares	21	(1,185)	-
Dividends paid		<u>(766)</u>	<u>-</u>
Net cash from financing activities		<u>(1,951)</u>	<u>-</u>
Net increase in cash		610	-
Cash and cash equivalents at beginning of the period		<u>142</u>	<u>142</u>
Cash and cash equivalents at end of period	24	<u><u>752</u></u>	<u><u>142</u></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012

1 General information

Crosswater Holdings UK Limited is a company incorporated in England & Wales

The principal activity of the group continues to be that of manufacturer and supplier of bathrooms, taps, shower values, shower enclosures, basins, sanitary ware and bathroom furniture

The address of the registered office is given on page 1

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated

2.1 Basis of preparation

The consolidated financial statements of Crosswater Holdings UK Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in accordance with the Companies Act 2006 and therefore the group financial statements comply with Article 4 of the EU IAS regulations

The consolidated financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

2.1.1 Standards, amendments and interpretations effective in the current period

The group have prepared the financial statements under the International Financial Reporting Standards for the first time in the current year having previously reported under United Kingdom Generally Accepted Accounting Practice (UK GAAP). The impact of this change is detailed in note 4 to the financial statements

2.1.2 New standards and interpretations not yet adopted

Certain standards and amendments to existing standards have been issued to date and are not yet effective for the financial statements of the group for the period ended 31 December 2012, and have not been applied or early adopted in preparing these financial statements

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

2 Summary of significant accounting policies (continued)

2.1.2 New standards and interpretations not yet adopted (continued)

The standards, interpretations and amendments issued but not yet effective at the date of the issuance of the Company's financial statements are listed below

Standard	Narrative	Effective Date
IAS 19 (amendment)	Employee benefits – amendments resulting from the post-employment benefits and termination benefits projects	1 January 2013*
IAS 27 (revised)	Consolidated and separate financial statements – reissued as IAS 27 separate financial statements (as amended in 2011)	1 January 2013*
IAS 32 (amendment)	Financial Instruments Presentation - Amendments relating to the offsetting of assets and liabilities	1 January 2013*
IFRS 7 (amendments)	Amendments related to the offsetting of assets and liabilities	1 January 2013*
IFRS 9	Financial instruments – classification and measurement of financial assets and financial liabilities	1 January 2013*
IFRS 10	Consolidated financial statements	1 January 2013*
IFRS 12	Disclosure of interests in other entities	1 January 2013*

**Effective for annual periods beginning on or after*

The directors of the group have assessed the impact that the adoption of these will have on the financial statements of the group in the period of initial application. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause any material adjustments to the financial statements

CROSSWATER HOLDINGS UK LIMITED

NOTES

*to and forming part of the financial statements for the year ended 31 December 2012
(continued)*

2 Summary of significant accounting policies (continued)

2.2 Consolidation

The consolidated statement of comprehensive income and statement of financial position include the accounts of the company and its subsidiary undertakings

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

2.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have 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 financial statements.

2.4 Foreign currency translation

Foreign currency transactions are translated into the group's functional currency (£) using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

CROSSWATER HOLDINGS UK LIMITED

NOTES

*to and forming part of the financial statements for the year ended 31 December 2012
(continued)*

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation

Property, plant and equipment are depreciated so as to write off their cost or valuation basis over the estimated useful life of the item, as follows

Leasehold property	Over the term of the lease
Plant & machinery	25% reducing balance
Fixtures, fittings & equipment	15% straight line (25% reducing balance on computer equipment)
Motor Vehicles	25% reducing balance

The asset's residual values and economic lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are no longer of economic use to the business are retired.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the consolidated statement of comprehensive income.

2.6 Goodwill

Goodwill represents the excess of the fair value of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is not subject to amortisation but is tested annually for impairment and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Any impairment is recognised immediately in the consolidated statement of comprehensive income and not reversed in a subsequent period.

CROSSWATER HOLDINGS UK LIMITED

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*to and forming part of the financial statements for the year ended 31 December 2012
(continued)*

2 Summary of significant accounting policies (continued)

2.7 Financial instruments

Financial assets, financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

Cash and cash equivalents

Cash comprises cash on hand and deposits held at call with banks. Cash equivalents are short term, highly liquid investments, with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determined payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less impairment

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities and is recorded at the proceeds received, net of direct issue costs

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost

De-recognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire

2.8 Impairment reviews

At each statement of financial position date, the group reviews the carrying amounts of its tangible and intangible assets with finite lives 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). The recoverable amount is the higher of its net selling price and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs

Any impairment loss arising from the review is charged to the statement of comprehensive income whenever the carrying amount exceeds its recoverable amount

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

2 Summary of significant accounting policies (continued)

2.9 Investments

Investments in subsidiary undertakings are stated at cost, which is the fair value of the consideration paid. The exception to this is where, in the opinion of the directors, there has been impairment in the value of an investment, in which case an appropriate adjustment is made.

2.10 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

2.11 Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred taxation is provided in full on timing differences which result in an obligation at the date of the statement of financial position 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 than likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited to equity, in which case the tax is also recognised directly in equity.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

CROSSWATER HOLDINGS UK LIMITED

NOTES

*to and forming part of the financial statements for the year ended 31 December 2012
(continued)*

2 Summary of significant accounting policies (continued)

2.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Rentals payable under operating leases are charged to the statement of comprehensive 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.

2.14 Pensions

The group operates a defined contributions pension scheme. Contributions payable for the period are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest.

2.17 Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The group can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains within the group.

3 Critical accounting estimates and judgements

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012

(continued)

3 Critical accounting estimates and judgements (continued)

Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The primary areas where management make judgements, estimates and assumptions are set out below.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Stock provision

The provision for slow or obsolete stock requires an estimate to be made on the recoverable value of old stock lines and forecasts of units to be sold in the future using judgements based on market expectations.

4 First Time adoption of IFRS

The group are preparing the financial statements under the International Financial Reporting Standards having previously prepared accounts in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) up to 31 December 2011. The transition date to the International Financial reporting Standards is 1 August 2011.

The adoption of the International Financial Reporting Standards has resulting in the following amendment to equity due to changes in accounting policies.

	<u>£000's</u>
Equity under UK GAAP at 31 December 2011	14,162
Reversed Goodwill amortisation	<u>233</u>
Equity under IFRS at 31 December 2011	<u>14,395</u>

The adoption of the International Financial Reporting Standards has also amended the total comprehensive income due to changes in accounting policies as follows.

	<u>£000's</u>
Profit on ordinary activities after tax under UK GAAP at 31 December 2011	1,063
Reversed Goodwill amortisation	<u>233</u>
Total comprehensive profit under IFRS at 31 December 2011	<u>1,296</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

5 Revenue

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
<i>An analysis of the group's revenues is as follows</i>		
Sales of goods	<u>38,641</u>	<u>14,951</u>
	<u>38,641</u>	<u>14,951</u>

All revenue arose within the United Kingdom

6 Results from operating activities

Results from operating activities are stated after charging the following expenses

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
<i>Auditor's remuneration</i>		
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	30	23
Fees payable to the Company's auditor for other services	28	11
<i>Other expenses</i>		
Reversal of write downs of inventories recognised as an expense	(41)	(106)
Depreciation of owned property, plant and equipment	231	77
Depreciation of property, plant and equipment held under finance leases and hire purchase contracts	73	30
Operating lease rentals		
- Plant and machinery	138	49
- Other assets	<u>638</u>	<u>267</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

7 Staff costs

Staff costs, including directors' remuneration, were as follows

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Wages and salaries	3,846	1,537
Social security costs	398	154
Other pension costs	51	23
Termination payments	217	-
	<u>4,512</u>	<u>1,714</u>

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

	Year ended 31 December 2012	Period ended 31 December 2011
Directors and employees	<u>134</u>	<u>117</u>

8 Finance costs

Recognised in the statement of comprehensive Income

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Lease finance charges	<u>14</u>	<u>11</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

9 Income taxes – corporation taxes

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
<i>Current tax</i>		
Corporation tax	766	378
Adjustments in respect of prior years	-	(65)
<i>Total current tax</i>	766	313
Deferred tax	(18)	18
Current tax charge	748	331

The charge for the year can be reconciled to the loss for the year as follows

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Results from operating activities	2,844	1,627
Profit at the applicable rate of 24.5% (2011 26%)	697	423
<i>Effects of</i>		
Non-deductible expenses	42	6
Depreciation add back	74	20
Capital allowances	(47)	(19)
Adjustments to previous periods	-	(65)
Other short term timing differences	-	(52)
Current tax charge	766	313

10 Dividends

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the year ended 31 December 2012 of 13.1p (2011 2.2p) per share	650	116

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

11 Goodwill

	£000's
Cost	
At 1 August 2011, 31 December 2011 & 31 December 2012	11,105
Impairment	
At 1 August 2011, 31 December 2011 & 31 December 2012	<u>(2,889)</u>
Net Book Value	
At 1 August 2011, 31 December 2011 & 31 December 2012	<u>8,216</u>

An impairment review is undertaken annually or whenever changes in circumstances or events indicate that the carrying amount may not be recovered. For the purpose of impairment testing, goodwill is allocated to each of the cash generating units expected to benefit from the synergies of the combination.

Calculation of each cash generating unit's recoverable amount requires the use of estimates, with regards to forecast cash flows and discount rates over the next 5 years. The key assumptions for the value in use calculations are those regarding the growth rates, discount rates and expected changes to selling prices and direct costs during the period. These assumptions take into account the current economic environment.

The growth rates are based on the Directors' knowledge of the industry and expectations of future changes in the market and are expected to be 12% for the next 5 years.

CROSSWATER HOLDINGS UK LIMITED

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to and forming part of the financial statements for the year ended 31 December 2012
(continued)

12 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor Vehicles	Total
	£000's	£000's	£000's	£000's	£000's
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
Additions	94	128	92	3	317
Disposals	-	-	(4)	-	(4)
At 31 December 2012	<u>1,630</u>	<u>562</u>	<u>550</u>	<u>47</u>	<u>2,789</u>
Depreciation					
At 1 August 2011	348	185	172	30	735
Charge	40	36	28	3	107
Disposals	-	(3)	-	(9)	(12)
At 31 December 2011	388	218	200	24	830
Disposals	-	-	(2)	-	(2)
Charge	112	105	80	7	304
At 31 December 2012	<u>500</u>	<u>323</u>	<u>278</u>	<u>31</u>	<u>1,132</u>
Net Book Value					
At 31 December 2012	<u>1,130</u>	<u>239</u>	<u>272</u>	<u>16</u>	<u>1,657</u>
At 31 December 2011	<u>1,148</u>	<u>216</u>	<u>262</u>	<u>20</u>	<u>1,646</u>
At 1 August 2011	<u>1,185</u>	<u>182</u>	<u>269</u>	<u>49</u>	<u>1,685</u>

The carrying value of tangible assets includes an amount of £722,302 (2011 £795,145) in respect of assets held under finance leases or hire purchase contracts

13 Investments in subsidiaries

Company	£000's
Cost or valuation	
At 1 August 2011, 31 December 2011 & 31 December 2012	<u>50</u>
Impairment	
At 1 August 2011, 31 December 2011 & 31 December 2012	<u>-</u>
Net Book Value	
At 1 August 2011, 31 December 2011 & 31 December 2012	<u>50</u>

The principal subsidiary undertakings of the Company are detailed in note 29

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

14 Inventories

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Finished goods	<u>6,579</u>	<u>4,590</u>	<u>4,027</u>

15 Trade and other receivables

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Trade receivables	6,184	5,171	5,901
Other receivables	348	350	360
Prepayments	<u>542</u>	<u>418</u>	<u>464</u>
	<u>7,074</u>	<u>5,939</u>	<u>6,725</u>

<u>Company</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Trade receivables	-	-	-
Intercompany receivables	6	-	-
Other receivables	-	116	-
Prepayments	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6</u>	<u>116</u>	<u>-</u>

16 Trade and other payables Amounts falling due within one year

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Trade payables	4,051	3,777	3,913
Social security and other taxes	521	540	640
Other payables	616	-	-
Accruals	<u>2,554</u>	<u>2,453</u>	<u>1,946</u>
	<u>7,742</u>	<u>6,770</u>	<u>6,499</u>

CROSSWATER HOLDINGS UK LIMITED

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to and forming part of the financial statements for the year ended 31 December 2012
(continued)

16 Trade and other payables

Amounts falling due within one year (continued)

<u>Company</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Trade payables	-	-	-
Social security and other taxes	-	-	-
Other payables	616	116	-
Accruals	<u>-</u>	<u>-</u>	<u>-</u>
	<u>616</u>	<u>116</u>	<u>-</u>

17 Deferred Tax

The analysis of deferred tax assets is as follows

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Deferred tax assets			
To be recovered after more than 12 months	52	34	52
To be recovered within 12 months	<u>-</u>	<u>-</u>	<u>-</u>
	<u>52</u>	<u>34</u>	<u>52</u>

The movement in deferred tax assets is as follows

December 2012	Opening balance	Recognised in the Statement of Comprehensive Income	Closing balance
	£000's	£000's	£000's
Temporary differences			
Net operating profit (non-current)	68	17	85
Property, plant and equipment	<u>(34)</u>	<u>1</u>	<u>(33)</u>
	<u>34</u>	<u>18</u>	<u>52</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

17 Deferred Tax (continued)

December 2011	Opening balance	Recognised in the Statement of Comprehensive Income	Closing balance
	£000's	£000's	£000's
Temporary differences			
Net operating profit (non-current)	86	(18)	68
Property, plant and equipment	<u>(34)</u>	<u>-</u>	<u>(34)</u>
	<u>52</u>	<u>(18)</u>	<u>34</u>

Deferred tax is provided at 23% (December 2011 25%)

18 Obligations under finance leases

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Amounts payable under finance leases:			
Within one year	65	252	241
In the second to fifth years inclusive	-	63	172
After 5 years	<u>-</u>	<u>-</u>	<u>-</u>
Present value of lease obligations	<u>65</u>	<u>315</u>	<u>413</u>

19 Borrowings

<u>Group</u>	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Unsecured borrowing at amortised cost			
Bank overdraft	283	-	476
Secured borrowing at amortised cost			
Bank and invoice discounting loans	<u>1,263</u>	<u>-</u>	<u>-</u>
	<u>1,546</u>	<u>-</u>	<u>476</u>

The invoice discounting arrangement is secured by way of an unlimited guarantee

Company

The company has no borrowings

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

20 Financial instruments

The Group has exposure to the following key risks related to financial instruments

- i Capital risk
- ii Market risk
- iii Foreign currency risk
- iv Interest rate risk
- v Credit risk
- vi Liquidity risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The directors determine, as required, the degree to which it is appropriate to use financial instruments or other hedging contracts or techniques to mitigate risk.

The group uses financial instruments including cash and loans, as well as trade receivables and payables that arise directly from operations.

Due to the simple nature of these financial instruments, there is no material difference between book and fair values, discounting would not give a material difference to the results of the Group and the directors believe that there are no material sensitivities that require additional disclosure.

The disclosures given below do not include short – term debtors and creditors.

Capital risk management

The group's primary objective is to manage its capital to ensure that a sufficient funding basis is maintained to meet its working capital needs and to ensure that the group is able to continue as a going concern in order to provide returns to shareholders.

The capital structure of the group is the equity attributable to equity holders of the parent, comprising issued share capital, capital redemption reserve and retained earnings as disclosed in the statement of changes to equity.

The group's strategy remains unchanged from 2011.

Market risk

The Group's activities expose it predominantly to the financial risks associated with foreign currency exchange rates.

There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012

(continued)

20 Financial instruments (continued)

Foreign currency risk management

The group undertakes transactions denominated in foreign currencies, during the normal trading activities

The group incurs costs in British Pounds, US Dollars, Euros and Polish Zloty. The group makes use of forward exchange contracts in Euros and US Dollars to manage the risk associated with expected purchases over the following 6 months transactions

The carrying amount of the group's foreign currency denominated monetary assets and monetary liabilities were

	Currency	31 December 2012 £000's	31 December 2011 £000's
<u>Current Assets</u>			
Trade and other receivables	\$	600	628
Cash and cash equivalents	\$	3	589
	€	<u>2</u>	<u>6</u>
		<u>5</u>	<u>595</u>
		<u>605</u>	<u>1,223</u>
<u>Current Liabilities</u>			
Trade and other payables	\$	102	300
	€	937	1,288
	Zloty	-	50
		<u>1,039</u>	<u>1,638</u>

Forward foreign currency exchange contracts

The group enters into forward foreign exchange contracts to manage the risk associated with anticipated purchase transactions out to 6 months. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated purchase transaction takes place

The results for the group in the statement of comprehensive income include the following gains and losses from the forward foreign exchange contracts utilised in the year

	Currency	Year ended 31 December 2012 £000's	5 months ended 31 December 2011 £000's
Gains /(losses) on forward exchange contracts	\$	148	67
	€	<u>(90)</u>	<u>12</u>
		<u>58</u>	<u>79</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

20 Financial instruments (continued)

Interest rate risk management

The group does not have material overdrafts at floating interest rates, with the bank loans being provided at fixed interest rates. As such it currently has little exposure to interest rate risk.

Credit risk management

The group's credit risk is primarily attributable to its trade receivables. Receivables are regularly monitored and assessed for recoverability. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The group did not have any significant exposure to credit risk with regards to any single counterparty, or group of counterparties, having similar characteristics other than with Bathstore Limited where the credit granted was 6% of current assets at the year end.

The group has the following assets that are past due but have not been impaired as they are deemed recoverable by the Directors:

	31 December 2012	31 December 2011
	£000's	£000's
Trade receivables	<u>567</u>	<u>355</u>

Liquidity risk management

Ultimate responsibility for liquidity management rests with management. The group's practice is to regularly review cash needs and to manage liquidity risk by maintaining adequate banking facilities and by continuously monitoring forecast and actual cash flows.

The group makes use of invoice discounting facilities to manage its working capital. At the year end the value of the facility utilised was £1.2m (2011: £nil).

The directors have prepared a budget and cash flow forecast for the year to 31 December 2013. The forecast contains certain assumptions about the level of future sales and the level of gross margins achievable. These assumptions are the directors' best estimate of the future development of the business. On the basis of the facilities available and the forecasts the directors believe that the group holds sufficient facilities for its future requirements.

Fair values

The directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values.

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

21 Share capital

	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Allotted, called up and fully paid			
4,700,000 Ordinary shares £0.01 each	47	50	50
267,400 Ordinary "B" shares of £0.01 each	<u>3</u>	<u>3</u>	<u>3</u>
	<u>50</u>	<u>53</u>	<u>53</u>

All shares in issue carry equal rights to dividends

The ordinary shares carry 1 vote each except for the ordinary "B" shares that grant no voting rights

The company repurchased 300,000 Ordinary shares of £0.01 each on 13 July 2012 for consideration of £1,185,100

22 Other reserves

	Share premium £000's	Capital Redemption £000's	Total other reserves £000's
At 31 July 2011 and 31 December 2011	139	-	139
Purchase of own shares	<u>-</u>	<u>3</u>	<u>3</u>
At 31 December 2012	<u>139</u>	<u>3</u>	<u>142</u>

The capital redemption reserve arose as a result of the repurchase of shares detailed in note 21

23 Profit for the year

The company has taken advantage of the exemption contained within section 408 of the Companies' Act 2006 not to present its own statement of comprehensive income

The company's profit for the year, after dividends, was £1,835,100 (2011 £116,000)

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

24 Statement of cash and cash equivalents

Group

	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Cash and cash equivalents	<u>764</u>	<u>1,441</u>	<u>148</u>

Company

	31 December 2012 £000's	31 December 2011 £000's	31 July 2011 £000's
Cash and cash equivalents	<u>752</u>	<u>142</u>	<u>142</u>

Cash and cash equivalents comprise bank accounts available on demand

25 Notes to the statement of cash flows

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Cash flows from operating activities - Group		
Results from operating activities	2,853	1,638
Depreciation	304	107
Amortisation	-	-
Loss on disposal of non-current assets	2	18
(Increase) in inventories	(1,989)	(563)
(Increase)/decrease in receivables	(1,135)	786
Increase in trade and other payables	<u>1,088</u>	<u>155</u>
Cash generated by operations	1,123	2,141
Income taxes	<u>(819)</u>	<u>(177)</u>
Net cash flow from operating activities	<u>304</u>	<u>1,964</u>

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

25 Notes to the statement of cash flows (continued)

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Cash flows from operating activities - Company		
Results from operating activities	-	-
(Increase)/decrease in receivables	(6)	-
Increase in trade and other payables	<u>616</u>	<u>-</u>
Cash generated by operations	610	-
Income taxes	<u>-</u>	<u>-</u>
Net cash flow from operating activities	<u>610</u>	<u>-</u>

26 Operating lease arrangements - Group

At the statement of financial position date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	<u>Land and buildings</u>	
	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Expiry date		
Within one year	641	641
In the second to fifth years inclusive	414	1,055
After five years	<u>-</u>	<u>-</u>
	<u>1,055</u>	<u>1,696</u>

Land and building are leased until August 2022 with rent reviews every 5 years and a break clause in August 2014

	<u>Other commitments</u>	
	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Expiry date		
Within one year	460	33
In the second to fifth years inclusive	519	31
After five years	<u>-</u>	<u>-</u>
	<u>979</u>	<u>64</u>

CROSSWATER HOLDINGS UK LIMITED

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to and forming part of the financial statements for the year ended 31 December 2012
(continued)

27 Related party transactions - Group

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

During the year, group companies entered into the following transactions with related parties who are not members of the Crosswater group

	<u>Purchase of Goods</u>	
	<u>Year ended</u>	<u>Period ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2012</u>	<u>2011</u>
	<u>£000's</u>	<u>£000's</u>
Bathroom Sourcing Co Limited	<u>13,312</u>	<u>4,710</u>

The following amounts were outstanding at the statement of financial position date

	<u>Amounts owed to related parties</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2012</u>	<u>2011</u>
	<u>£000's</u>	<u>£000's</u>
Bathroom Sourcing Co Limited	<u>2,033</u>	<u>1,359</u>

Bathroom Sourcing Co Limited is a related party to the group as it is a subsidiary of Bathroom Brands Limited

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below

	<u>Year ended</u>	<u>Period ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2012</u>	<u>2011</u>
	<u>£000's</u>	<u>£000's</u>
Emoluments for qualifying services	446	275
Post-employment benefits	33	16
Termination payments	<u>217</u>	<u>-</u>
	<u>696</u>	<u>291</u>

CROSSWATER HOLDINGS UK LIMITED

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to and forming part of the financial statements for the year ended 31 December 2012
(continued)

27 Related party transactions – Group (continued)

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

	Year ended 31 December 2012 £000's	Period ended 31 December 2011 £000's
Payments for Directors' services		
Emoluments (included in wages and salaries above)	178	82
Pension costs	<u>10</u>	<u>5</u>
	<u>188</u>	<u>87</u>

Dividends totalling £269,558 were paid in the year in respect of ordinary shares held by the company's directors. Further dividends of £19,011 were paid in the year in respect of Ordinary "B" shares held by the company's directors.

The company also repurchased shares from one of its directors for consideration of £1,185,100 as detailed in note 21.

28 Comparative information

The comparative figures are for the 5 months from 1 August 2011 to 31 December 2011.

29 Principal subsidiary undertakings

At the year-end the company held more than 20% of the share capital of the following companies:

Company name	Registered in	Percentage shareholding
Crosswater Holdings Limited	England & Wales	100%
Crosswater Limited*	England & Wales	100%
Classic Showers Limited*	England & Wales	100%
Prospect Sales Co (Plumbing Supplies) Limited*	England & Wales	100%
Bauhaus Industries Limited*	England & Wales	100%
Mirus Bathrooms Limited*	England & Wales	100%
Adora Bathrooms Limited*	England & Wales	100%

* These subsidiaries are held indirectly by the holding company.

The investments in subsidiaries are all stated at cost.

CROSSWATER HOLDINGS UK LIMITED

NOTES

to and forming part of the financial statements for the year ended 31 December 2012
(continued)

30 Controlling Party

The immediate parent company is Bathroom Brands Limited, a company registered in Jersey

The ultimate controlling entity is the Oxshott Trust