

Topalpha (Warehouse) Limited

Annual report and financial statements for the

52 week period ended 1 October 2016

Registered number 04453090

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Topalpha (Warehouse) Limited

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Topalpha (Warehouse) Limited
Officers and professional advisors

DIRECTORS

R. Parker

M.T.M. Williams

COMPANY SECRETARY

S. Davey

REGISTERED OFFICE

Thorpe Way

Grove Park

Enderby

Leicestershire

LE19 1SU

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

2 Hardman Street

Manchester

M3 3HF

BANKERS

Barclays

3 Hardman Street

Manchester,

M3 3HF

SOLICITORS

Osbourne Clarke

One London Wall

London

EC2Y 5EB

Shoosmiths

2 Colmore Square

Birmingham

B4 6BJ

Topalpha (Warehouse) Limited

Strategic report

PRINCIPAL ACTIVITY

The principal activity of Topalpha (Warehouse) Limited is the provision of warehousing services to the Topps Tiles Plc Group of companies, the main trading company being Topps Tiles (UK) Limited.

The Company is a subsidiary of Topps Tiles Plc. The ultimate parent company produces consolidated financial statements.

Details of the Group Business Model, and that of the subsidiary companies is explained in more detail in the financial statements of the ultimate parent, Topps Tiles Plc (company number: 03213782). A copy of its financial statements can be obtained from the Registered Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

All Topps Tiles companies are managed and controlled on a unified basis. Whilst the directors take a responsible approach to the performance of each Group and individual holding and subsidiary company, the results of these subsidiary companies can vary from time to time.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks to the business include the continuing challenges of the UK economy and the subsequent business impact, balancing the longer term investment needs of the business against the uncertain economic outlook, its relationship with key suppliers, the potential threat of new competitors, the risk that key information technology systems could fail, the possible impacts on costs of sourcing due to the weakness of Sterling in comparison to the Euro and US dollar currencies, the loss of key personnel and the development of substitute products. The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or their potential outcomes.

The risks of losing key suppliers has increased as a result of the UK's decision to leave the EU. Future trade deals between EU and non-EU countries may result in the business having to review and renew existing supplier relationships. The Topps Tiles Group has a diverse supply chain and due to its scale can source products from all over the world, going some way to mitigate any risks associated with leaving the EU.

REVIEW OF THE PERIOD

Profit and Loss Account

The company has incurred an overall loss before tax of £2.5m compared to a loss of £2.2m in the prior period. During the period the company did not pay any dividend (2015:£nil).

Balance Sheet

Capital expenditure in the period amounted to £0.1m (2015: £0.2m), relating to fixtures and fittings. Net liabilities at the end of the period totalled £6.0m (2015: £3.5m).

The directors believe there are no other relevant key performance indicators (KPIs) for this business.

Topalpha (Warehouse) Limited
Strategic report (continued)

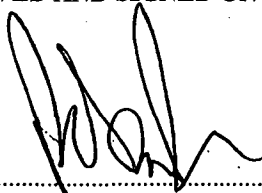
FUTURE OUTLOOK

During the 52 week period ended 1 October 2016 this business's sole activity was the provision of warehousing services to the Topps Tiles Plc Group of companies. The directors are not aware, at the date of this annual report, of any likely major changes in the company's activities in the next period.

CORPORATE SOCIAL RESPONSIBILITY

Topps has a long-standing Corporate Social Responsibility (CSR) agenda covering Community and Charity, Environment and Our People. The full detail of our current CSR activities is detailed in our Group financial statements. We take the impact of our business on our environment extremely seriously and have included a range of environmental metrics within the Directors section of our Annual report within the Group financial statements.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:

A handwritten signature in black ink, appearing to be 'R Parker', is written over a horizontal dotted line.

R Parker, Director

Date: 5 May 2017

Topalpha (Warehouse) Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the 52 weeks period ended 1 October 2016.

During the period the Company transitioned from UK GAAP to FRS 101 – Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard.

Principal activities and business review

The principal activities of the Company are those of the provision of warehousing services.

Results and dividends

The audited financial statements for the 52 weeks period ended 1 October 2016 are set out on pages 9 to 22. The loss for the 52 weeks period after taxation was £2,491k (2015: £2,214k).

The directors are unable to recommend the payment of a dividend (2015: £nil).

Going concern

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 in preparing the financial statements (see note 2).

Future prospects

The directors expect the general level of activity to continue.

Share option schemes

The directors recognise the importance of motivating employees and believe that one of the most effective incentives is increased employee participation in the company through share ownership.

This has been achieved through the introduction of a number of employee sharesave, share bonus, approved and unapproved share option schemes in the Topps Tiles Plc Group of companies.

Details on the share option scheme are given in note 13.

Directors

The directors who served during the period and thereafter were as follows:

M.T.M. Williams

R. Parker

Employees

The company has a monthly average number of 87 employees including directors (2015: 77).

Topalpha (Warehouse) Limited
Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and establish that the company's auditor is aware of that information.

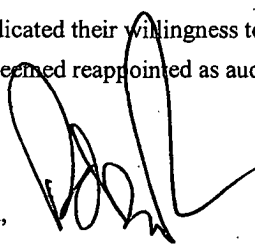
The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the Board,

R. Parker - Director

5 May 2017



Topalpha (Warehouse) Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Topalpha (Warehouse) Limited

Independent auditor's report

To the Members of Topalpha (Warehouse) Limited

We have audited the financial statements of Topalpha (Warehouse) Limited for the 52 week period ended 1 October 2016 which comprise the Profit and Loss account, the Balance sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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), including FRS 101 "Reduced Disclosure Framework".

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, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 1 October 2016 and of its loss for the 52 week 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.

Topalpha (Warehouse) Limited
Independent auditor's report (continued)

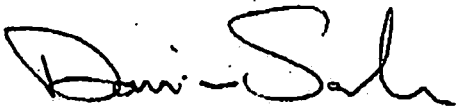
Opinion on other matter prescribed by the Companies Act 2006

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



Damian Sanders BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

5 May 2017

Topalpha (Warehouse) Limited

Profit and loss account

For the 52 weeks ended 1 October 2016

	Note	2016 £000	2015 £000
Revenue		882	899
Gross profit		882	899
Distribution costs		(2,880)	(2,640)
Administrative expenses		(468)	(463)
Operating loss		(2,466)	(2,204)
Finance costs	6	(1)	-
Loss before taxation		(2,467)	(2,204)
Tax	7	(24)	(10)
Loss for the financial year		(2,491)	(2,214)

All activity arose from continuing operations.

There were no recognised income or expenses for either period other than those reported above and therefore no separate statement of comprehensive income has been presented.

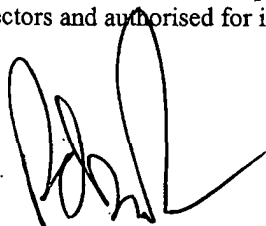
Topalpha (Warehouse) Limited

Balance sheet

As at 1 October 2016

	Note	At 1 October 2016 £000	At 3 October 2015 £000
Non-current assets			
Property, plant and equipment	9	12,518	12,652
		<u>12,518</u>	<u>12,652</u>
Current assets			
Trade and other receivables	10	184	375
		<u>184</u>	<u>375</u>
Total assets		<u>12,702</u>	<u>13,027</u>
Current liabilities			
Trade and other payables	11	(3,247)	(1,146)
Borrowings	12	(15,456)	(15,425)
		<u>(18,703)</u>	<u>(16,571)</u>
Net current liabilities		<u>(18,519)</u>	<u>(16,196)</u>
Total assets less current liabilities		<u>(6,001)</u>	<u>(3,544)</u>
Total liabilities		<u>(19,707)</u>	<u>(16,571)</u>
Net liabilities		<u>(6,001)</u>	<u>(3,544)</u>
Equity			
Share capital		-	-
Retained losses		(6,001)	(3,544)
Total equity		<u>(6,001)</u>	<u>(3,544)</u>

The financial statements of Topalpha Warehouse Limited (registered number 04453090) were approved by the board of directors and authorised for issue on 5 May 2017. They were signed on its behalf by:



Director

R Parker

Topalpha (Warehouse) Limited

Statement of changes in equity

For the 52 weeks ended 1 October 2016

	Retained losses £000	Total £000
Balance at 27 September 2014	(1,340)	(1,340)
Loss for the period	(2,214)	(2,214)
Total comprehensive expense for the period	(2,214)	(2,214)
Capital contribution for equity- settled share-based payments	10	10
Balance at 3 October 2015	(3,544)	(3,544)
Loss for the period	(2,491)	(2,491)
Total comprehensive expense for the period	(2,491)	(2,491)
Capital contribution for equity- settled share-based payments	34	34
Balance at 1 October 2016	(6,001)	(6,001)

Topalpa (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

1. General information

Topalpa (Warehouse) Limited is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales (or Wales). The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Throughout the financial statements, references to 2016 mean at 1 October 2016 or the 52 weeks then ended; references to 2015 mean at 3 October 2015 or the 53 weeks then ended.

These financial statements are separate financial statements. The Company's results are included within the consolidated Group accounts of Topps Tiles Plc. The Group accounts of Topps Tiles Plc are available to the public and can be obtained as set out in note 19. The registered office address of the parent Company preparing consolidated accounts is Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current period

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the year ended 1 October 2016 the Company has undergone transition from reporting under Generally Accepted Accounting Principles (GAAP) adopted by the United Kingdom to FRS 101 'Reduced Disclosure Framework'. The financial statements have therefore been prepared in accordance with FRS 101. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the Group accounts of Topps Tiles Plc.

Changes arising on transition to FRS 101 are detailed in note 20.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

2. Significant accounting policies (continued)

Basis of accounting (continued)

financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Going concern

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 in preparing the financial statements.

The Company is in receipt of a letter from Topps Tiles Plc, confirming that Topps Tiles Plc will provide any necessary funding to ensure that the company has sufficient funding to meet its liabilities as they fall due, for a period of not less than 12 months from the date of the signing of these financial statements, thus they continue to adopt the going concern basis in preparing the financial statements.

In arriving at their conclusion on going concern, the directors are cognisant of the disclosure made within the Group financial statements of Topps Tiles Plc, the Company's ultimate parent company:

"Based on a detailed review of the risks and uncertainties discussed within the Strategic Report, the Group's forecast covenant and cash headroom against lending facilities (which were refinanced in June 2014) and management's current expectations the Board believes that the Group will continue to meet all of its financial commitments as they fall due and will be able to continue as a going concern.

Therefore, the Board considers it appropriate to prepare the financial statements on the going concern basis."

The directors have made enquiries of the directors of Topps Tiles Plc and have confirmed that there have been no significant changes in the financial position of Topps Tiles Plc since the date of approval of the financial statements of Topps Tiles Plc.

Revenue recognition

Revenue comprises rents receivable, net of VAT in respect of properties situated in the UK.

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. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

2. Significant accounting policies (continued)

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their historic cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method, on the following bases:

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Freehold buildings	2% per annum on cost on a straight-line basis
Fixtures and fittings	over 10 years, except for the following; 4 years for computer equipment or 5 years for display stands

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Share-based payments

Where the Company's parent Group has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

2. Significant accounting policies (continued)

Share-based payments (continued)

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The Company provides employees with the ability to purchase the Company's ordinary shares at 80% of the current market value through the operation of its share save scheme. The Company records an expense, based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

The Company issues other equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of the grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors have concluded that there are no critical areas of accounting judgement or sources of estimation uncertainty in the current period.

4. Auditor's remuneration

Fees payable to Deloitte for the audit of the Company's annual accounts were £1,000 (2015: £1,000).

Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Group are required to disclose such fees on a consolidated basis.

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

5. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Warehouse	87	77

Their aggregate remuneration comprised:

	52 weeks ended 2016 £000	53 weeks ended 2015 £000
Wages and salaries	1,874	1,828
Social security costs	173	162
Other pension costs	39	33
	2,086	2,023

The directors are paid by another group undertaking and it is not practicable to allocate their remuneration to other group companies for services rendered. Full disclosure of the directors' remuneration can be found in the group accounts of Topps Tiles Plc. Copies of the group accounts can be obtained from the address noted in note 19.

6. Finance costs

	52 weeks ended 2016 £000	53 weeks ended 2015 £000
Interest on bank loans and overdrafts	(1)	-
	(1)	-

7. Tax

	52 weeks ended 2016 £000	53 weeks ended 2015 £000
Current tax – adjustment in respect of previous period	2	6
Deferred tax – charge for the period	23	(11)
Deferred tax – adjustment in respect of previous period	(1)	15
Total tax charge on loss on ordinary activities	24	10

Corporation tax is calculated at 20% (2015: 20.5%) of the estimated taxable loss for the period.

Topalpa (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

7. Tax (continued)

The charge for the period can be reconciled to the profit in the income statement as follows:

	52 weeks ended 2016 £000	53 weeks ended 2015 £000
Loss before tax	(2,467)	(2,204)
Tax at the UK corporation tax rate of 20 % (2015: 20.5 %)	(493)	(452)
Tax effect of expenses that are not deductible in determining taxable profit	7	2
Fixed asset differences	41	-
Group relief surrendered	463	432
Tangible fixed assets which do not qualify for capital allowances	-	23
Adjustment in respect of prior periods	6	5
Tax expense for the period	24	10

Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, and Finance Act 2015 (No.2) included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts which has resulted in a debit to the profit & loss account of £8k. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

8. Profit for the year

Profit for the year has been arrived at after charging:

	52 weeks ended 2016 £000	53 weeks ended 2015 £000
Depreciation of property, plant and equipment	254	246

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

9. Property, plant and equipment

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 3 October 2015	14,047	1,989	16,036
Additions	-	120	120
At 1 October 2016	14,047	2,109	16,156
Accumulated depreciation and impairment			
At 3 October 2015	1,721	1,663	3,384
Charge for the year	201	53	254
At 1 October 2016	1,922	1,716	3,638
Carrying amount			
At 1 October 2016	12,125	393	12,518
At 3 October 2015	12,326	326	12,652

Freehold land and buildings include £4.1m (2015: £4.1m) of freehold land on which no depreciation has been charged in the current period.

10. Trade and other receivables

	2016 £000	2015 £000
Amounts falling due within one year:		
Trade receivables	6	6
Prepayments	32	194
Deferred tax asset (note 15)	30	52
Amounts owed by group undertakings	-	90
Other receivables	116	33
Included in current assets	184	375

Topalpa (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

11. Trade and other payables

	2016 £000	2015 £000
Amounts falling due within one year:		
Trade creditors	-	113
Other taxes and social security	2	38
Amounts owed to other group companies	3,060	863
Other creditors	150	14
Accruals and deferred income	35	118
	<u>3,247</u>	<u>1,146</u>

The amount owed to group undertakings of £3.1m has arisen from ordinary trading activity.

12. Borrowings

	2016 £000	2015 £000
Secured borrowing		
Bank overdraft repayable on demand (0% interest)	15,456	15,425
Total borrowings	<u>15,456</u>	<u>15,425</u>

13. Share-based payments

The Company's parent Group has granted rights to its equity instruments to employees of the Company. Such arrangements are accounted for as equity-settled share-based payments. There are three types of share option arrangements in existence.

In the period, £34k has been charged as an expense in the P&L, and as a credit to the capital contribution reserve, for share options.

Employee Share Purchase Plans

Employee share purchase plans are open to almost all employees and provide for a purchase price equal to the average market price over the three days prior to the date of grant, less 20%. The shares can be purchased during a two-week period each financial period. The shares so purchased are generally placed in the employee share savings plan for a 3 or 5 year period.

Long Term Incentive Plan

Long Term Incentive Plans have been granted to senior management and have a vesting period of three years. Vesting is subject to achievement of certain performance conditions.

2020 Long Term Incentive Plan

During the financial period, a new five year Long Term Incentive plan was introduced. Under this plan a number of share options were granted to management level employees across the Group. These options will vest in December 2020 subject to the achievement of certain performance criteria.

Topalpa (Warehouse) Limited

Notes to the financial statements (continued) For the 52 weeks ended 1 October 2016

13. Share-based payments (continued)

Scheme type	Range of exercise prices for outstanding share options (£)	Weighted average remaining vesting period for outstanding share options (years)	Weighted average share price at the date of exercise (£)
Employee Share Purchase Plan	1.15	2.45	1.46
Long term Incentive Plan	Nil	1.03	No options exercised
2020 Long Term Incentive Plan	Nil	4.17	No options exercised

The Company will receive no cash upon exercise of the outstanding share options.

14. Share capital

	2016 £000	2015 £000
Issued and fully paid:		
1 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carry no right to fixed income.

15. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	PPE and intangible assets £000	Pension and post-retirement benefits £000	Total £000
At 27 September 2014	56	-	56
Charge to profit or loss	(4)	-	(4)
At 3 October 2015	52	-	52
(Charge)/credit to profit or loss	(23)	1	(22)
At 1 October 2016	29	1	30

Topalpha (Warehouse) Limited

Notes to the financial statements (continued)

For the 52 weeks ended 1 October 2016

16. Operating lease arrangements

The Company as lessor

Property rental income earned during the year was £882k (2015: £899k). Income is earned from other group undertakings and the company has no future minimum lease payments contracted with tenants.

17. Contingent liabilities

At 1 October 2016, the company had unlimited multilateral guarantees with the company's bank for fellow group undertakings in respect of overdrafts of £178,218,714 (2015: £144,108,152) and bank loans of £35,000,000 (2015: £45,000,000).

The company operates a defined benefit contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. As at 1 October 2016 there were outstanding contributions of £6k.

18. Related party transactions

The Company has taken advantage of the exemptions granted by paragraph 8(j) and 8(k) of FRS 101, to not disclose transactions with group companies.

19. Controlling party

In the opinion of the directors, the Company's ultimate parent Group and ultimate controlling party is Topps Tiles Plc a Group incorporated in Great Britain. The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is Topps Tiles plc, a Group incorporated in Great Britain. Copies of the Company financial statements of Topps Tiles Plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate controlling party is Topalpha Limited.

20. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. The last financial statements prepared under previous UK GAAP were for the period ended 3 October 2015 and the date of transition to FRS 101 was 28 September 2014. There were no transition adjustments arising as a consequence of adopting FRS 101.