

**Topalpha (Warehouse) Limited**

**Annual report and financial statements for the  
52 weeks ended 30 September 2017**

Registered number 04453090



# 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

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 future 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, details of which 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.

### REVIEW OF THE PERIOD

#### Profit and Loss Account

The company has incurred an overall loss before tax of £2.4m compared to a loss of £2.5m in the prior period, which is due to incurring costs in relation to the provision of warehouse services to the Topps Tiles Plc group. During the period the company did not pay any dividend (2016: £nil).

#### Balance Sheet

Capital expenditure in the period amounted to £0.03m (2016: £0.1m), relating to fixtures and fittings. Net liabilities at the end of the period totalled £8.4m (2016: £6.0m).

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 30 September 2017 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:**



R Parker, Director

Date: 21 March 2018

# 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 30 September 2017.

The Company is a subsidiary of Topps Tiles plc ("Topps"). The Directors run the Companies on a Group basis where possible and references to Topps in these accounts relate to the Group as a whole.

### **Principal activities and business review**

The principal activities of the Company are those of the provision of warehousing services. A review of the business for the period is found in the Strategic report on page 2.

### **Results and dividends**

The audited financial statements for the 52 weeks period ended 30 September 2017 are set out on pages 10 to 23. The loss for the 52 weeks period after taxation was £2,397,000 (2016: £2,491,000).

The directors are unable to recommend the payment of a dividend (2016: £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 and that the company will continue to provide warehousing services to the Topps Tiles Plc group.

### **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 88 employees including directors (2016: 87).

# Topalpha (Warehouse) Limited

## Directors' report (continued)

### Principal risks and financial risk management policies

Funding for all subsidiaries of Topps Tiles Plc is arranged centrally. The company does not use derivatives to manage its financial risks. Due to the nature of the company's business and the assets and liabilities contained in the company's balance sheet, the main financial risks the directors consider relevant to this company are managed by Topps Tiles Plc. Details of these risk management policies can be found in the consolidated financial statements of the Group which are publicly available.

### 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

21 March 2018

## 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30<sup>th</sup> September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Topalpha (Warehouse) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

# Topalpha (Warehouse) Limited

## Independent auditor's report to the members of Topalpha (Warehouse) Limited (continued)

### Other information

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

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

We have nothing to report in respect of these matters.

### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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.

## Topalpha (Warehouse) Limited

### Independent auditor's report to the members of Topalpha (Warehouse) Limited (continued)

#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Damian Sanders BA FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
21 March 2018

## Topalpha (Warehouse) Limited

### Profit and loss account

For the 52 weeks ended 30 September 2017

	Note	2017. £000	2016 £000
Revenue		882	882
<b>Gross profit</b>		<b>882</b>	<b>882</b>
Distribution costs		(3,004)	(2,880)
Administrative expenses		(264)	(468)
<b>Operating loss</b>		<b>(2,386)</b>	<b>(2,466)</b>
Finance costs	6	-	(1)
<b>Loss before taxation</b>		<b>(2,386)</b>	<b>(2,467)</b>
Tax	7	(11)	(24)
<b>Loss for the financial year</b>	8	<b>(2,397)</b>	<b>(2,491)</b>

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 30 September 2017

	Note	At 30 September 2017 £000	At 1 October 2016 £000
<b>Non-current assets</b>			
Property, plant and equipment	9	12,285	12,518
Deferred tax asset	15	19	30
		<u>12,304</u>	<u>12,548</u>
<b>Current assets</b>			
Trade and other receivables	10	105	154
Cash and bank balances		102	-
		<u>207</u>	<u>154</u>
<b>Total assets</b>		<u>12,511</u>	<u>12,702</u>
<b>Current liabilities</b>			
Trade and other payables	11	(20,913)	(3,247)
Borrowings	12	-	(15,456)
		<u>(20,913)</u>	<u>(18,703)</u>
<b>Net current liabilities</b>		<u>(20,706)</u>	<u>(18,549)</u>
<b>Total assets less current liabilities</b>		<u>(8,402)</u>	<u>(6,001)</u>
<b>Total liabilities</b>		<u>(20,913)</u>	<u>(18,703)</u>
<b>Net liabilities</b>		<u>(8,402)</u>	<u>(6,001)</u>
<b>Equity</b>			
Share capital		-	-
Retained losses		(8,402)	(6,001)
<b>Total equity</b>		<u>(8,402)</u>	<u>(6,001)</u>

The financial statements of Topalpha Warehouse Limited (registered number 04453090) were approved by the board of directors and authorised for issue on 21 March 2018. They were signed on its behalf by:

Director

R Parker



## Topalpha (Warehouse) Limited

### Statement of changes in equity

For the 52 weeks ended 30 September 2017

	Share capital £000	Retained losses £000	Total equity £000
<b>Balance at 4 October 2015</b>	-	(3,544)	(3,544)
Loss for the period	-	(2,491)	(2,491)
<b>Total comprehensive expense for the period</b>	-	(2,491)	(2,491)
Capital contribution for equity- settled share-based payments	-	34	34
<b>Balance at 1 October 2016</b>	-	(6,001)	(6,001)
Loss for the period	-	(2,397)	(2,397)
<b>Total comprehensive expense for the period</b>	-	(2,397)	(2,397)
Capital contribution for equity- settled share-based payments	-	(4)	(4)
<b>Balance at 30 September 2017</b>	-	(8,402)	(8,402)

# **Topalpha (Warehouse) Limited**

## **Notes to the financial statements**

**For the 52 weeks ended 30 September 2017**

### **1. General information**

Topalpha (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. 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 2017 mean at 30 September 2017 or the 52 weeks then ended; references to 2016 mean at 1 October 2016 or the 52 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)

### **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, the Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC).

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 and adoption of new and revised standards, impairment of assets and related party transactions.

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

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 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.

# **Topalpha (Warehouse) Limited**

## **Notes to the financial statements (continued)**

For the 52 weeks ended 30 September 2017

### **2. Significant accounting policies (continued)**

#### **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.

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 expire in June 2019) 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/loss**

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

#### **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 profit and loss account 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.



# Topalpha (Warehouse) Limited

## Notes to the financial statements (continued)

For the 52 weeks ended 30 September 2017

### 2. Significant accounting policies (continued)

#### *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:

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.

# **Topalpha (Warehouse) Limited**

## **Notes to the financial statements (continued)**

For the 52 weeks ended 30 September 2017

### **2. Significant accounting policies (continued)**

#### **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.

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.

# **Topalpha (Warehouse) Limited**

## **Notes to the financial statements (continued)**

For the 52 weeks ended 30 September 2017

### **2. Significant accounting policies (continued)**

#### **Share-based payments (continued)**

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.

#### **Retirement benefit costs**

For defined contribution schemes, the amount charged to the balance sheet in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **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 £1,100 (2016: £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 30 September 2017

### 5. Staff costs

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

	2017 Number	2016 Number
Warehouse	88	87

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	1,910	1,874
Social security costs	164	173
Other pension costs	39	39
	2,113	2,086

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

	2017 £000	2016 £000
Interest on bank loans and overdrafts	-	(1)
	-	(1)

### 7. Tax

	2017 £000	2016 £000
Current tax – adjustment in respect of previous period	-	2
Deferred tax – charge for the period	11	23
Deferred tax – adjustment in respect of previous period	-	(1)
Total tax charge on loss for the financial period	11	24

Corporation tax is calculated at 19.5% (2016: 20%) of the estimated taxable loss for the period.

## Topalpha (Warehouse) Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 30 September 2017

#### 7. Tax (continued)

The charge for the period can be reconciled to the loss in the profit and loss account as follows:

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Loss before tax	(2,386)	(2,467)
Tax at the UK corporation tax rate of 19.5 % (2016: 20 %)	(465)	(493)
Expenses not deductible for tax purposes	-	7
Income not taxable for tax purposes	(1)	-
Fixed asset differences	39	41
Group relief surrendered	439	463
Tax rate changes	(1)	-
Adjustment in respect of prior periods	-	6
Tax expense for the period	<u>11</u>	<u>24</u>

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. This will reduce the Company's future current tax charge accordingly. Deferred tax as at the balance sheet date has been calculated based on this rate.

#### 8. Loss for the financial year

Loss for the financial year has been arrived at after charging:

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Depreciation of property, plant and equipment	<u>260</u>	<u>254</u>

## Topalpha (Warehouse) Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 30 September 2017

#### 9. Property, plant and equipment

	Land and buildings £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 October 2016	14,047	2,109	16,156
Additions	-	26	26
	<hr/>	<hr/>	<hr/>
At 30 September 2017	14,047	2,135	16,182
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 October 2016	1,922	1,716	3,638
Charge for the year	201	59	260
	<hr/>	<hr/>	<hr/>
At 30 September 2017	2,123	1,774	3,897
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
At 30 September 2017	11,924	361	12,285
	<hr/>	<hr/>	<hr/>
At 1 October 2016	12,125	393	12,518
	<hr/>	<hr/>	<hr/>

Freehold land and buildings include £4.1m (2016: £4.1m) of freehold land on which no depreciation has been charged in the current period.

#### 10. Trade and other receivables

	2017 £000	2016 £000
Amounts falling due within one year:		
Trade receivables	45	6
Prepayments	38	32
Other receivables	22	116
	<hr/>	<hr/>
	105	154
	<hr/>	<hr/>

## Topalpha (Warehouse) Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 30 September 2017

#### 11. Trade and other payables

	2017 £000	2016 £000
Amounts falling due within one year:		
Other taxes and social security	-	2
Amounts owed to other group companies	20,842	3,060
Other creditors	54	150
Accruals and deferred income	17	35
	<u>20,913</u>	<u>3,247</u>

The amounts owed to group undertakings are interest free, unsecured, have no fixed date of repayment and are repayable on demand.

#### 12. Borrowings

	2017 £000	2016 £000
<b>Secured borrowing</b>		
Bank overdraft repayable on demand (0% interest)	-	15,456
<b>Total borrowings</b>	<u>-</u>	<u>15,456</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, £4,000 has been credited to the profit and loss account, and debited 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, being the vesting period. The options expire 6 months after vesting.

##### 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. The options expire 10 years after the grant date.

##### 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. The options expire 10 years after the grant date.

## Topalpha (Warehouse) Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 30 September 2017

#### 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	0.88	2.01	0.93
Long term Incentive Plan	Nil	1.12	No options exercised
2020 Long Term Incentive Plan	Nil	3.17	No options exercised

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

#### 14. Share capital

	2017 £000	2016 £000
<b>Issued and fully paid:</b>		
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.

	Property, plant and equipment £000	Pension and post-retirement benefits £000	Total £000
At 4 October 2015	52	-	52
(Charge)/credit to profit or loss	(23)	1	(22)
At 1 October 2016	29	1	30
Charge to profit or loss	(11)	-	(11)
At 30 September 2017	18	1	19

#### 16. Operating lease arrangements

##### The Company as lessor

Property rental income earned during the year was £882,000 (2016: £882,000). Income is earned from other group undertakings and the company has no future minimum lease payments contracted with tenants.



## **Topalpha (Warehouse) Limited**

### **Notes to the financial statements (continued)**

For the 52 weeks ended 30 September 2017

#### **17. Contingent liabilities and pension arrangements**

At 30 September 2017, the company had unlimited multilateral guarantees with the company's bank for fellow group undertakings in respect of overdrafts of £nil (2016: £178,218,714) and bank loans of £35,000,000 (2016: £35,000,000).

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. As at 30 September 2017 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 company is Topps Tiles Plc a company 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, whose registered office is located at Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU. 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 parent company is Topalpha Limited. In the opinion of the directors there is no ultimate controlling party.