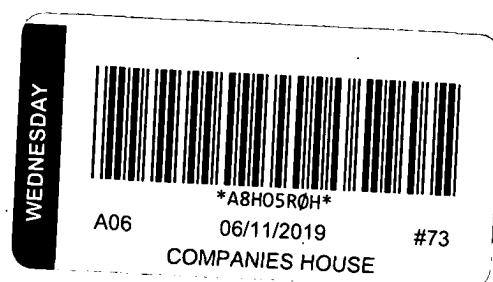


Company Registration No. 04923718 (England and Wales)

ABINGDON FLOORING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2019



ABINGDON FLOORING LIMITED

COMPANY INFORMATION

Directors

Mr M W Peace
Mr G B Wilding
Mr S M M Byrne (Appointed 20 June 2018)
Mr A W Stephens (Appointed 6 September 2018)

Secretary

Mr A W Stephens

Company number

04923718

Registered office

Pen Y Fan Industrial Estate
Croespenmaen Crumlin
NEWPORT
UK
NP11 4XG

Auditor

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

ABINGDON FLOORING LIMITED

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ABINGDON FLOORING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 MARCH 2019

Principal activities

The company manufactures and distributes carpets.

There have been no significant changes in the company's principal activities in the period under review.

Review of the business

We are pleased to report an increase in turnover of 10.1% from £69.363m to £76.368m.

This is driven by two factors 1) the continuation of a restructuring programme in the Victoria Group; making the manufacturing plant at Abingdon flooring the principle manufacturing hub in the UK enabling more throughput to other group companies and 2) a continuing focus to support the independent retail sector and continued growth in the New Housing sector with a more streamlined, focussed product range.

Along with the continued group restructuring mentioned above we also made a significant structural change to the business in closing down the raw material manufacturing site at Abingdon Flooring, meaning all of our raw materials are now procured from third parties. This closure in itself incurred £3.5M worth of exceptional costs and thus the main driver of a loss before tax of £1M (2018: profit of £1.7M). This strategic change will enable our products to remain extremely competitive in the future.

Future developments

The market that Abingdon Flooring operates in is an extremely competitive one, add to that the increased level of uncertainty brought about by the upcoming exit from the European Union means the whole focus remains on reacting quickly to these market conditions. We are well placed to do that because of the structural changes mentioned above and by developing and providing innovative, cost-effective products to the market by utilising the new investments in manufacturing and the improved supply chain.

Key Performance Indicators

	Period ended 30 March 2019 £m	Period ended 31 March 2018 £m
Revenue	76.4	69.4
Revenue growth (%)	10.1%	7.4%
Operating Profit (before exceptional items)	3.6	3.4
Operating Profit before exceptional items (%)	4.7%	4.8%

The Board monitors the KPI's and the marketplace and reacts accordingly.

Principal risks and uncertainties

The company's operations expose it to a variety of risks that include credit risk, interest rate risk and foreign exchange currency risk. The company has in place a risk management programme that seeks to limit adverse effects on its financial performance. The policies set by the directors are implemented by the company's management team.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Management assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

ABINGDON FLOORING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

Liquidity risk

The company actively manages its liquidity using operating cash flows to ensure the company has sufficient available funds for its operations.

Interest rate risk

The company's interest on its loans received from its parent company on a margin above base rate. The directors do not hedge the interest rates.

Price risk


Material adverse changes in certain raw material prices, in particular wool and synthetic yarn, could affect the company's profitability. The company seeks to mitigate this risk by actively passing on price increases to its customers.

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and US dollar due to the fact a proportion of our raw material purchases are in dollars and euros. Foreign exchange risks arise from future commercial transactions denominated in a currency that is not the entity's functional currency. The company mitigates this risk through its involvement in the group's short term hedging arrangements in place.

Competition

The carpet industry is a highly competitive market resulting in pressure on pricing and margins. Competitor activity is monitored on an ongoing basis to aid the company's decisions in this area.


.....
Mr S M M Byrne

Director

11/11/19

ABINGDON FLOORING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 MARCH 2019

Results and dividends

The results for the period are set out on page 7.

Dividends of £nil were paid during the year (2018: £Nil).

Directors

The directors, who served throughout the period except as noted, were as follows:

Mrs C Matthews	(Resigned 6 September 2018)
Mr J J Taylor	(Resigned 30 June 2018)
Mr R Dight	(Resigned 30 April 2019)
Mr E Charlesworth	(Resigned 30 April 2019)
Mr M W Peace	
Mr G B Wilding	
Mr S M M Byrne	(Appointed 20 June 2018)
Mr A W Stephens	(Appointed 6 September 2018)

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of the report.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company places value on the involvement of its employees, keeping them informed on matters affecting them as employees on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Auditor

A resolution to reappoint Grant Thornton UK LLP as the auditor of the company will be proposed at the next Annual General meeting of the company.

ABINGDON FLOORING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS101 '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 judgements and accounting estimates that are reasonable and prudent;
- state whether UK applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

The directors confirm that at the date of approval of this annual report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Matters covered in the strategic report

For a review of the business and details of principal risks and uncertainties please refer to the strategic report.

On behalf of the board


Mr S M M Byrne

Director

Date: 04/11/19

ABINGDON FLOORING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABINGDON FLOORING LIMITED

Opinion

We have audited the financial statements of Abingdon Flooring Limited (the 'company') for the year ended 30 March 2019 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ABINGDON FLOORING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABINGDON FLOORING LIMITED

Matters on which we are required to report under the Companies Act 2006

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 material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

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, 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: <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.

Grant Thornton UK LLP

Andrew Turner FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Birmingham

4/11/2019

ABINGDON FLOORING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 MARCH 2019

		2019	2018
	Notes	£	£
Turnover	3	76,368,107	69,363,302
Cost of sales		(53,718,162)	(48,171,781)
Gross profit		22,649,945	21,191,521
Distribution costs		(16,767,358)	(15,591,268)
Administrative expenses		(2,239,584)	(2,217,403)
Exceptional items	4	(4,109,390)	(1,235,629)
Operating (loss)/profit	5	(466,387)	2,147,221
Interest receivable and similar income	8	-	3,267
Interest payable and similar charges	9	(532,435)	(458,402)
(Loss)/profit before taxation		(998,822)	1,692,086
Tax on (loss)/profit on ordinary activities	10	769,811	(352,675)
(Loss)/profit for the financial year		(229,011)	1,339,411

There was no other comprehensive income for 2019 (2018: £NIL).

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

The notes on pages 11 to 26 form part of these financial statements.

ABINGDON FLOORING LIMITED

BALANCE SHEET

AS AT 30 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible fixed assets	12	12,408,826	6,162,559
Investments	13	502	501
		<u>12,409,328</u>	<u>6,163,060</u>
Current assets			
Stocks	15	12,071,404	15,371,474
Deferred tax asset	21	332,421	109,523
Debtors	16	20,809,160	16,840,004
Cash at bank and in hand		177,525	1,951,464
		<u>33,390,510</u>	<u>34,272,465</u>
Creditors: amounts falling due within one year			
Loans and overdrafts	19	1,898,809	-
Creditors	17	16,047,531	23,187,007
Taxation and social security		1,174,164	2,141,599
Derivative financial instruments		-	128,029
Obligations under finance leases	20	104,138	101,272
		<u>19,224,642</u>	<u>25,557,907</u>
Net current assets		<u>14,165,868</u>	<u>8,714,558</u>
Total assets less current liabilities		<u>26,575,196</u>	<u>14,877,618</u>
Creditors: amounts falling due after more than one year			
Due to parent company	17	12,038,080	-
Obligations under finance leases	20	155,197	266,688
		<u>12,193,277</u>	<u>266,688</u>
Net assets		<u><u>14,381,919</u></u>	<u><u>14,610,930</u></u>

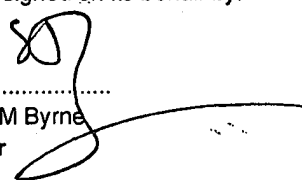
ABINGDON FLOORING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 MARCH 2019

	Notes	2019 £	2018 £
Capital and reserves			
Called up share capital	23	50	50
Share premium account	24	249,950	249,950
Capital redemption reserve	25	100	100
Profit and loss reserves		14,131,819	14,360,830
Total equity		<u>14,381,919</u>	<u>14,610,930</u>

The financial statements were approved by the board of directors and authorised for issue on 4/11/19 and are signed on its behalf by:


.....
Mr S M M Byrne
Director

Company Registration No. 04923718

ABINGDON FLOORING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 MARCH 2019

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
Balance at 1 April 2017	50	249,950	100	13,021,419	13,271,519
Profit for the year	-	-	-	1,339,411	1,339,411
Total comprehensive income for the period	-	-	-	1,339,411	1,339,411
Transactions with owners	-	-	-	-	-
Balance at 31 March 2018	50	249,950	100	14,360,830	14,610,930
Loss for the year	-	-	-	(229,011)	(229,011)
Total comprehensive income for the period	-	-	-	(229,011)	(229,011)
Transactions with owners	-	-	-	-	-
Balance at 30 March 2019	50	249,950	100	14,131,819	14,381,919

The notes on pages 11 to 26 form part of these financial statements.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies

1.1 Accounting convention

Abingdon Flooring Limited is a private limited company incorporated in England and Wales.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Victoria Plc in which the entity is consolidated;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Victoria P.L.C. The group accounts of Victoria P.L.C are available to the public and can be obtained as set out in note 29.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Abingdon Flooring Limited is a wholly owned subsidiary of Victoria P.L.C and the results of Abingdon Flooring Limited are included in the consolidated financial statements of Victoria P.L.C.

1.2 Going concern

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

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies (Continued)

1.3 Revenue recognition

Revenue is measured by reference to the fair value of consideration receivable by the Company for goods supplied, excluding VAT and trade discounts. Revenue is recognised at a point in time upon the sale of goods or transfer of risk to the customer in accordance with IFRS15. Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither the continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The standalone selling price of the product sold to a customer is clearly determined from the contract entered into. The total transaction price is estimated as the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods after deducting trade discounts and volume rebates.

Trade discounts and volume rebates are estimated based on the terms of the contractually agreed arrangements.

Payment terms are between 30 and 60 days, therefore the impact of the time value of money is minimal.

1.4 Investments in associates and subsidiaries

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

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold buildings	10% straight line
Fixtures, fittings & equipment	5% to 50% straight line
Plant and machinery	Straight line over 5 to 15 years
Motor vehicles	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies (Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

The Company's financial assets fall into the categories discussed below, with the allocation depending on the purpose for which the asset was acquired. Although the Company occasionally uses derivative financial instruments in economic hedges of currency rate risk, it does not hedge account for these transactions. The Company has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies (Continued)

Assets held at amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) and deposits held at banks but may also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost as reduced by appropriate allowances for estimated unrecoverable amounts.

The effect of discounting on these financial instruments is not considered to be material.

The Company makes use of a simplified approach to accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate expected credit loss using a provision matrix.

The Company oversees impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped on the number of days overdue.

Assets held at amortised cost in the company includes loans issued to other group companies. They are initially recognised at fair value less transaction costs that are directly attributable and subsequently at amortised cost reduced by appropriate allowances for credit losses.

For loans with other group companies that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date in accordance with IFRS 9.

For other loans with group companies where the credit risk is deemed to be low a 12-month expected credit loss is recognised in accordance with IFRS 9.

1.11 Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. Although the Company uses derivative financial instruments in economic hedges of currency risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are a reasonable approximation of their fair values.

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

Financial liabilities measured at amortised cost

These liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.
- Bank borrowings and loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost. Interest is recognised as a finance expense in the income statement.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies (Continued)

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Derivatives

The Company uses derivative financial instruments such as forward currency contracts to manage its exposure to foreign currency fluctuations. Forward contracts are initially measured at fair value on the date on which the contract is entered into and is subsequently re-measured at fair value. These contracts are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar profiles.

1.14 Taxation

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 reporting end date.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised on the initial recognition of goodwill, nor on the initial recognition of assets or liabilities unless acquired in a business combination or in a transaction that affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the company are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

1.15 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. The capital element reduces the balance owed to the lessor.

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the agreement.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

1 Accounting policies (Continued)

1.17 Foreign exchange

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

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or influence.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no critical estimates which are deemed to have a significant impact on the financial statements.

Critical judgements

Stock

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the economic environment and stock loss trends.

3 Turnover

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Carpet sales	76,368,107	69,363,302

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

3 Turnover (Continued)

Geographical market

	Turnover	
	2019	2018
	£	£
United Kingdom	70,067,325	67,547,709
Europe	5,497,249	1,815,593
Rest of the world	803,533	-
	<u>76,368,107</u>	<u>69,363,302</u>

4 Exceptional items

	2019	2018
	£	£
Restructuring costs	<u>(4,109,390)</u>	<u>(1,235,629)</u>

The exceptional costs recorded in the year relate to company restructuring costs in installing and commissioning plant and machinery acquired from associated companies within the group and the closure of the yarn manufacturing function. This included redundancy payments in the year which amounted to £1,877,649 (2018 - £nil).

5 Loss/(profit) for the year

	2019	2018
	£	£
Loss for the year is stated after charging/(crediting):		
Net foreign exchange differences	(64,513)	117,408
Operating lease rentals	1,692,304	1,863,054
Depreciation of property, plant and equipment	3,358,937	2,917,889
Profit on disposal of property, plant and equipment	(54,840)	-
Cost of inventories recognised as an expense	45,384,335	37,383,400
Staff costs	15,503,324	14,115,955
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>28,880</u>	<u>18,000</u>

The company has taken advantage of the exemption to not disclose amounts paid for non-audit services as these are disclosed in the group accounts of the ultimate parent company.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

6 Employees

	2019 Number	2018 Number
Manufacturing	299	325
Administration	86	83
	<u>385</u>	<u>408</u>

	2019 £	2018 £
Wages and salaries	13,429,858	12,196,865
Social security costs	1,287,944	1,211,640
Pension costs	785,522	707,450
	<u>15,503,324</u>	<u>14,115,955</u>

Redundancy payments in the year amount to £1,877,649 (2018 - £Nil).

7 Directors' remuneration	2019 £	2018 £
Remuneration for qualifying services	827,333	633,351
Company pension contributions to defined contribution schemes	98,613	145,004
	<u>925,946</u>	<u>778,355</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>247,500</u>	<u>199,373</u>
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The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 4).

No pension contributions were made for the highest paid director (2018 - £Nil).

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	-	3,267

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on lease liabilities	14,049	12,660
Interest payable to group undertakings	518,386	436,087
Interest on other loans	-	9,655
	<u>532,435</u>	<u>458,402</u>

10 Income tax expense

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	367,830
Adjustments in respect of prior periods	(546,913)	-
Total UK current tax	<u>(546,913)</u>	<u>367,830</u>
Deferred tax		
Origination and reversal of temporary differences	(222,898)	(15,155)
Total tax (credit)/charge	<u>(769,811)</u>	<u>352,675</u>

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit before taxation	<u>(998,822)</u>	<u>1,692,086</u>
Expected tax charge based on a corporation tax rate of 19% (2018: 19%)	(189,776)	321,496
Expenses not deductible in determining taxable profit	458	31,179
Income not taxable	(3,411)	-
Unutilised tax losses carried forward	(30,169)	-
Adjustments to tax charge in respect of prior periods	(546,913)	-
Tax (credit)/charge for the year	<u>(769,811)</u>	<u>352,675</u>

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2019

11 Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016 and received Royal Assent on 15 September 2016. This reduction should reduce the company's future overall tax charge.

12 Tangible fixed assets

	Freehold buildings	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 31 March 2018	361,256	4,662,880	10,760,880	65,080	15,850,096
Additions	245,281	4,544,997	4,940,178	-	9,730,456
Disposals	-	(2,159,578)	(1,142,678)	(31,750)	(3,334,006)
At 30 March 2019	606,537	7,048,299	14,558,380	33,330	22,246,546
Accumulated depreciation and impairment					
At 31 March 2018	198,693	2,469,968	6,969,945	48,931	9,687,537
Charge for the year	85,123	2,607,338	656,903	9,573	3,358,937
Eliminated on disposal	-	(2,159,578)	(1,017,426)	(31,750)	(3,208,754)
At 30 March 2019	283,816	2,917,728	6,609,422	26,754	9,837,720
Carrying amount					
At 30 March 2019	322,721	4,130,571	7,948,958	6,576	12,408,826
At 31 March 2018	162,563	2,192,912	3,790,935	16,149	6,162,559

Assets with a net book value of £397,073 (2018: £718,795) are held under finance leases at the year end. Depreciation of £51,749 (2018: £156,399) was charged in respect of these assets.

13 Investments

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Investments in subsidiaries	-	-	502	501

Fair value of financial assets carried at amortised cost

See note 14 for details of the company's subsidiary undertakings.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

13 Investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2018	501
Incorporation of Venture Floorcoverings Limited	1
	<hr/>
At 30 March 2019	502
	<hr/>
Carrying amount	
At 30 March 2019	502
	<hr/>
At 31 March 2018	501
	<hr/>

14 Subsidiaries

Details of the company's subsidiaries at 30 March 2019 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Distinctive Flooring Limited	United Kingdom	100	100	Manufacture of hard flooring
Venture Floorcoverings Limited	United Kingdom	100	100	Sales of hard flooring

All shares held in subsidiaries are ordinary class shares.

15 Stocks

	2019 £	2018 £
Raw materials	369,931	939,728
Work in progress	631,707	1,136,888
Finished goods	11,069,766	13,294,858
	<hr/>	<hr/>
	12,071,404	15,371,474
	<hr/>	<hr/>

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

16 Debtors

	2019	2018
	£	£
Trade debtors	9,615,108	8,237,194
Amounts due from subsidiary undertakings	7,646,486	5,936,860
Amounts due from fellow group undertakings	2,936,681	724,506
Prepayments	610,885	1,408,258
Other debtors	-	533,186
	<u>20,809,160</u>	<u>16,840,004</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Interest is charged on the amount owed to parent undertaking at market rates. There are specific repayment terms attached to these balances and the classification as amounts due after one year are reflective of these terms.

Amounts due from fellow group undertakings are unsecured, interest free and repayable on demand.

17 Creditors

	Due within one year		Due after one year	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	15,466,008	12,080,520	-	-
Amount owed to parent undertaking	-	10,745,253	12,038,080	-
Amounts owed to related parties	23,587	-	-	-
Accruals	557,936	361,234	-	-
	<u>16,047,531</u>	<u>23,187,007</u>	<u>12,038,080</u>	<u>-</u>

Interest is charged on the amount owed to parent undertaking at market rates. There are specific repayment terms attached to these balances and the classification as amounts due after one year are reflective of these terms.

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand.

18 Derivative financial instruments

Forward foreign exchange contracts are held at fair value through the profit and loss account. The company has relied upon valuations performed by third party valuation specialised for complex valuations of the forward exchange contracts. Valuation techniques have utilised observable forward exchange rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for forward exchange contracts. There are no open contracts at 30th March 2019.

A credit of £128,029 (2018: charge £117,468) has been recognised in the profit and loss account in respect of movements in the fair value of the forward foreign exchange contracts.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

19 Loans and overdrafts

	2019 £	2018 £
Bank overdrafts	1,898,809	-

The bank facility is secured at group level by Victoria P.L.C

The bank account is part of a composite accounting arrangement with unlimited guarantees between Abingdon Flooring Limited, Victoria Carpets Limited, Victoria PLC, Globesign Limited, Interfloor Ltd, Westex (Carpets) Limited, Alliance Flooring Distribution Limited and Distinctive Flooring Limited. At 30 March 2019 the UK subsidiaries under this arrangement were in a net cash position of £7.29m (31 March 2018: net cash position of £4.73m).

Bank borrowings are secured by way of debentures over the assets. The parent Company, Victoria PLC, has guaranteed the bank borrowings of its UK subsidiaries.

Post year end the parent company, Victoria PLC, issued €330 million of fixed rate senior secured notes at par. These notes are guaranteed by certain of Victoria PLC's subsidiaries, including Abingdon Flooring Limited.

Analysis of loans and overdrafts

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Due within one year liabilities	1,898,809	-

20 Obligations under finance leases

	Present value	
	2019 £	2018 £
Within one year	104,138	101,272
In two to five years	155,197	266,688
	259,335	367,960
Lease liabilities in the financial statements	259,335	367,960

Analysis of finance lease

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

20 Obligations under finance leases (Continued)

	2019 £	2018 £
Current liabilities	104,138	101,272
Non-current liabilities	155,197	266,688
	<u>259,335</u>	<u>367,960</u>
	2019 £	2018 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>14,049</u>	<u>12,660</u>

Amounts due on finance leases are secured against the assets to which they relate.

21 Deferred taxation

	Fixed asset timing differences £
Deferred tax asset at 2 April 2017	(94,368)
Deferred tax movements in prior year	
Charge to profit or loss	<u>(15,155)</u>
Deferred tax asset at 1 April 2018	(109,523)
Deferred tax movements in current year	
Charge to profit or loss	<u>(222,898)</u>
	-
Deferred tax asset at 30 March 2019	<u>(332,421)</u>

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

21 Deferred taxation (Continued)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £	2018 £
Fixed asset timing differences	(332,421)	(109,523)

22 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £785,522 (2018 - £707,450).

23 Share capital	2019 £	2018 £
Ordinary share capital Issued and fully paid		
425 Ordinary A of 10p each	42	42
75 Ordinary B of 10p each	8	8
	<u>50</u>	<u>50</u>

The A and B shares have full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

24 Share premium account

Share premium includes any premiums received on the issue of share capital.

25 Capital redemption reserve

The capital redemption reserve arose on the redemption of convertible shares.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2019

26 Operating leases commitments

Lessee

The company has total future minimum payments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Within one year	1,168,519	1,168,210	354,919	475,230
Between two and five years	4,142,374	4,649,125	343,451	740,647
In over five years	-	661,768	-	-
	<u>5,310,893</u>	<u>6,479,103</u>	<u>698,370</u>	<u>1,215,877</u>

27 Capital commitments

Capital expenditure contracted but not provided for in the financial statements was £35,000 (2018: £3,731,897).

28 Related party transactions

	2019	2018
	£	£
Amounts due to related parties		
Amounts due to directors	<u>23,587</u>	<u>-</u>

As permitted by FRS 101 related party transactions with wholly owned members of Victoria P.L.C. have not been disclosed.

29 Controlling party

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company Victoria P.L.C. The consolidated accounts of Victoria P.L.C are available on the group's website www.victoriapl.com, and from Victoria P.L.C, Worcester Road, Kidderminster, Worcestershire, DY10 1JR.