Company Registration No. 04923718 (England and Wales)

ABINGDON FLOORING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 MARCH 2020

ABINGDON FLOORING LIMITED

COMPANY INFORMATION

Directors	Mr M W Peace Mr G B Wilding Mr A W Stephens Mr P Murphy	 (Appointed 21 January 2020)
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 28 MARCH 2020

Principal activities

The company manufactures and distributes carpets.

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

Review of the business

We are pleased to report an increase in turnover of 7% and an improvement of gross margin by 269 basis points.

	2020	2019	YoY
Turnover £m	£82.1	£76.4	7%
Gross Profit £m	£26.6	£22.7	17%
Gross Profit %	32.4%	29.7%	269
Profit after tax £m	£1.3	(£0.2)	750%
Profit after tax %	1.6%	(0.3%)	160

Revenue growth is driven by a full year effect of product enhancements and a significant improvement in service to the end customer, both improvement projects started in 2018/19 financial year. The Abingdon product offering has been streamlined and enhanced ensuring quality and value to our customers. In addition to this the Victoria plc distribution arm has delivered above 90% of orders within three days of order. Gross margin improvement is driven from a full year effect of changes to the structure of raw material procurement in 2018/19.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith would be most likely to promote the success of the company for the benefit of the members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

The likely consequences of any decisions in the long term;

The interests of the company's employees;

The need to foster the company's business relationships with suppliers, customers and others;

The impact of the company's operations on the community and the environment;

The desirability of the company maintaining a reputation for high standards of business and conduct; and

The need to act fairly between shareholders of the company.

During the year ended 28 March 2020 the Directors consider they have, individually and collectively, acted in a way that is most likely to promote the success of the Company for the benefit of its shareholders as a whole and have given due consideration to each of the above matters in discharging their duties under section 172. The stakeholders we consider in this regard are our employees, customers, suppliers and the community and the environment. The board recognises the importance of the relationships with our stakeholders in supporting the delivery of our strategy and operating the business in a sustainable manner.

Further details of our stakeholder engagement are set out below:

ABINGDON FLOORING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

Employees

Our employees are integral to the successful delivery on the Company's strategy. Employees knowledge, skills and experience are key to maintaining our strong customer and supplier relationships. As such, the Company is focused on the recruitment, development, retention, and reward of its employees. Employees are encouraged to attend training courses and there is regular consultation with employee representatives to ensure that employees are informed of all matters affecting them. Within the bounds of law, regulation and commercial confidentiality, information is shared to all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees.

Customers

Our customers are of paramount importance and the Company seeks to retain customers and establish long and lasting relationships with them, built on mutual respect and trust. The Company is focused on producing quality flooring products at competitive prices for our customers. We meet with our customers regularly to ensure we are offering the right products and level of service and responding to customer feedback to ensure we meet their expectations. Our customer relationships and manufacturing flexibility also aid diversification of our product portfolio. Our close relationships with our customers provide us with valuable feedback, enabling us to adapt quickly to changes in end-consumer preferences.

Suppliers

The Company endeavours to forge strong relationships with suppliers built on honesty, fairness, and mutual respect. We meet with key suppliers on a regular basis and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights, and ethics.

Community and the environment

As a manufacturing business, there is a risk that some of the Company's activities could have an adverse impact on the local environment. Policies are in place to mitigate these risks, and the Company is committed to full compliance with all relevant health and safety and environmental regulations.

Future Developments

Abingdon Flooring was impacted by the global COVID-19 pandemic at the start of the new financial year and saw minimal activity in April and May 2020. However, since early June trading has been very strong driven by pent up demand from the national shutdown but also Abingdon's ability to react to reopening more effectively than competitors, with this in mind Abingdon have increased its market share in the post lockdown period. The board is hopeful that this strong trend continues through to the end of the financial year.

However, the market that Abingdon Flooring operates remains an extremely competitive one, add to that, the above point around COVID-19 and finally the increased level of uncertainty bought 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 a strong motivated sales force and by developing and providing innovative, cost-effective products to the market by utilising the new investments in manufacturing and the improved supply chain.

ABINGDON FLOORING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

Principal risks and uncertainties

The Board and senior management team of the Company identifies and monitors principal risks and uncertainties on an ongoing basis. These include:

Covid-19

The issues surrounding Covid-19 have the capacity to impact companies' earnings by interrupting supply chains, workforce sustainability, and demand. Unquestionably a decline in demand is the most relevant risk to the Company.

The Company is well positioned to manage this short-term risk and uncertainty; the key reasons being:

a. The Company enjoys comparatively low operational gearing;

b. The Company's supply chain is highly diversified and invariably localised to the key manufacturing plants. Our access to raw materials remains secure and we will be able to meet demand as it arises;

c. The Company have a highly experienced and motivated operational management team with a track record of successfully navigating through deep economic downturns;

d. The Company has a strong balance sheet with sufficient cash on hand to support the business in even the most severe scenarios we have modelled.

Competition

The Company operates in mature and highly competitive markets, resulting in pressure on pricing and margins. Management regularly review competitor activity to devise strategies to protect the Company's position as far as possible.

Economic conditions

The operating and financial performance of the Company is influenced by specific economic conditions within the geographic areas within which it operates, in particular the UK. The Company remains focused on driving efficiency improvements, cost reductions and ongoing product development to adapt to the current market conditions.

Key input prices

Material adverse changes in certain raw material prices – in particular wool and synthetic yarn – could affect the Company's profitability. A proportion of these costs are denominated in US Dollars, a currency in which the Company has no income. Key input prices are closely monitored and the Company has a sufficiently broad base of suppliers to remove arbitrage risk, as well as being of such a scale that it is able to benefit from certain economies arising from this.

Other operational risks

In common with many businesses, sustainability of the Company's performance is subject to a number of operational risks, including major incidents that may interrupt planned production, cyber security breaches and the recruitment and retention of key employees. These risks are monitored by the Board and senior management team and appropriate mitigating actions taken

Paul Murphy

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Mr P Murphy

Director

21/12/2020

ABINGDON FLOORING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 MARCH 2020

Results and dividends
The results for the period are set out on page 9.

Dividends of £nil were paid during the year (2019: £Nil).

Directors
The directors, who served throughout the year and subsequently except as noted, were as follows:

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	(Resigned 27 March 2020)
Mr A W Stephens	
Mr P Murphy	(Appointed 21 January 2020)

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.

Additional information on how the Board engages with its employees and other stakeholders can be found in our S172 statement within the Strategic Report.

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.

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.

As part of the Victoria P.L.C. group the Company is supported by the group's treasury management and strong group balance sheet which has sufficient cash on hand to support the business in even the most severe scenarios the directors have modelled.

The directors have as a result obtained a letter of continued financial support from the ultimate parent company, Victoria P.L.C., for at least twelve months from the date of this report. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

ABINGDON FLOORING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

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

Paul Murphy
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Mr P Murphy
Director 21/12/2020
Date: ....

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 28 March 2020 which comprise the Statement of Comprehensive Income, 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 28 March 2020 and of its profit 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.

The impact of macro-economic uncertainties on our audit
Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

ABINGDON FLOORING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABINGDON FLOORING LIMITED

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 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 has been prepared in accordance with applicable legal requirements.

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
As explained more fully in the directors' responsibilities statement set out on page 5, 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.

ABINGDON FLOORING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABINGDON FLOORING LIMITED

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. 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

Andrew Turner FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

21/12/2020
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ABINGDON FLOORING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 MARCH 2020

	Notes	2020 £	2019 £
Turnover	**4**	82,108,198	76,368,107
Cost of sales		(55,507,266)	(53,718,162)
Gross profit		26,600,932	22,649,945
Distribution costs		(18,886,887)	(16,767,358)
Administrative expenses		(4,601,993)	(2,239,584)
Exceptional item	**5**	(822,044)	(4,109,390)
Operating profit/(loss)	**6**	2,290,008	(466,387)
Interest payable and similar charges	**9**	(1,039,854)	(532,435)
Profit/(loss) before taxation		1,250,154	(998,822)
Tax on profit/(loss) on ordinary activities	**11**	66,980	769,811
Profit/(loss) and total comprehensive income for the financial year		1,317,134	(229,011)

There was no other comprehensive income for 2020 (2019: £NIL).

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

The notes on pages 13 to 33 form part of these financial statements.

ABINGDON FLOORING LIMITED

BALANCE SHEET

AS AT 28 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	12		12,606,257		12,408,826
Right of use assets	13		12,368,777		-
Investments	14		502		502
			24,975,536		12,409,328
Current assets					
Stock	16	15,845,332		12,071,404	
Deferred tax asset	23	399,401		332,421	
Debtors	17	18,668,385		20,809,160	
Cash at bank and in hand		627,935		177,525	
		35,541,053		33,390,510	
Creditors: amounts falling due within one year					
Loans and overdrafts	20	3,231,592		1,898,809	
Creditors	18	15,550,495		16,047,531	
Taxation and social security		1,583,238		1,174,164	
Obligations under finance leases	21	-		104,138	
Obligations under right of use leases	21	1,263,367		-	
		21,628,692		19,224,642	
Net current assets			13,912,361		14,165,868
Total assets less current liabilities			38,887,897		26,575,196
Creditors: amounts falling due after more than one year					
Due to parent company	18	12,576,085		12,038,080	
Obligations under finance leases	21	-		155,197	
Obligations under right of use leases	21	10,612,759		-	
			(23,188,844)		(12,193,277)
Net assets			15,699,053		14,381,919

ABINGDON FLOORING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 28 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Capital and reserves					
Called up share capital	**25**		50		50
Share premium account	**26**		249,950		249,950
Capital redemption reserve	**27**		100		100
Profit and loss reserves			15,448,953		14,131,819
Total equity			15,699,053		14,381,919

The financial statements were approved by the board of directors and authorised for issue on 21/12/2020 and are signed on its behalf by:

Paul Murphy
....
Mr P Murphy
Director

Company Registration No. 04923718

ABINGDON FLOORING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 MARCH 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2018	50	249,950	100	14,360,830	14,610,930
Year ended 30 March 2019:					
Loss and total comprehensive loss for the year	-	-	-	(229,011)	(229,011)
Balance at 30 March 2019	50	249,950	100	14,131,819	14,381,919
Year ended 28 March 2020:					
Profit and total comprehensive income for the year	-	-	-	1,317,134	1,317,134
Balance at 28 March 2020	50	249,950	100	15,448,953	15,699,053

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 B67of 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 32.

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.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

1 Accounting policies **(Continued)**

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.

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.

As part of the Victoria P.L.C. group the Company is supported by the group's treasury management and strong group balance sheet which has sufficient cash on hand to support the business in even the most severe scenarios the directors have modelled.

The directors have as a result obtained a letter of continued financial support from the ultimate parent company, Victoria P.L.C., for at least twelve months from the date of this report. The Company therefore *continues to adopt the going concern basis in preparing its financial statements.*

1.3 Revenue recognition

The Company enters into contracts with customers involving one performance obligation being the sale of flooring products. Revenue is measured by reference to the fair value of consideration receivable by the Company for goods supplied, excluding VAT, trade discounts and rebates in accordance with IFRS 15. Revenue from the sale of goods is recognised at a point in time when promised goods have been transferred to a customer at which point the performance obligation is considered to have been satisfied. The customer is considered to obtain control of the promised goods at the point of delivery.

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 which create variability in the transaction price. In determining the variable consideration to be recognised, trade discounts and volume rebates are estimated based on the terms of the contractually agreed arrangements and the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods to the customer. Variable consideration is estimated using the 'most likely amount' method.

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.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

1 Accounting policies (Continued)

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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.

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.

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 28 MARCH 2020

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 held at fair value through profit or loss

These liabilities comprise "out of the money" foreign exchange derivatives and interest rate swaps to the extent that they exist. They are carried in the balance sheet at fair value with changes in fair value recognised in administrative expenses. Other than these derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss. The fair value of the Company's foreign exchange derivatives is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturity of the contracts.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

1 Accounting policies **(Continued)**

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, loan notes and amounts due to parent company 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.

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 *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.

IFRS 16 deferred tax

In respect of IFRS 16 leases, each lease is considered as a single transaction in which the asset and liability are linked so that there is no net temporary difference at inception and subsequently deferred tax is recognised on the net temporary difference arising on settlement of the liability and the amortisation of the right of use asset plus the finance charge on the lease liability.

1.14 Employee benefits

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

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

1 Accounting policies **(Continued)**

1.15 Leases

The Company recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis in line with the Company's accounting policy for property, plant and equipment. The lease liabilities are recognised at amortised cost using the effective interest rate method. The discount rates used reflect the incremental borrowing rate specific to the lease.

1.16 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.

1.17 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 Adoption of new and revised standards and changes in accounting policies

IFRS 16 'Leases'

The Company adopted IFRS 16 on 31 March 2019, applying the Standard's modified retrospective approach and therefore the prior year comparative figures in these financial statements have not been restated as a consequence of adopting IFRS 16 for the first time this period. The Company has also applied the practical expedient in IFRS 16 to not reassess whether a contract is, or contains, a lease at the date of initial application.

The Company's results have been impacted by the adoption of IFRS 16, which introduces a single, on-balance sheet lease accounting model for lessees. Previously, the Company recognised operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. A lessee now recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

At the start of the current accounting period, on 31 March 2019, the Company recognised an initial right-of-use asset of £13.7m and liability of £12.8m. The lease liability on transition has been calculated based on the net present value of the future expected capital payments under the company's lease obligations discounted at the company's incremental borrowing rate as at 31 March 2019. The right of use asset has been calculated based on the lease liability adjusted for prepaid and accrued lease payments as at 31 March 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 3.8%.

As a result of adopting IFRS 16, Company PBT for the period was adversely impacted by £0.2m. Charges relating to operating leases (£1.6m), which previously were recognised on a straight-line basis have been replaced with a depreciation charge (£1.3m) to the right-of-use asset, plus an interest expense (£0.5m) representing the unwinding of discount on the lease liability. The interest follows a logarithmic profile resulting in a higher initial charge, and reduces over the period of the lease. This change in treatment has no impact on the cash flows of the business. The impact of this on the statement of financial position is disclosed on note 33.

There are recognition exemptions for short term leases and leases of low-value items and the Company has decided to make use of these exemptions.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

3 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 estimates 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 judgements which are deemed to have a significant impact on the financial statements.

Critical Estimates

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.

Expected credit loss provision

Expected credit losses are estimated by management, based on specific risk factors relating to key customer categories. In light of Covid-19, the Company reassessed its estimate of potential future credit risk as at 28 March 2020. This assessment resulted in an increase in credit loss provision of £0.8m for 2020.

4 Turnover

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

	2020	2019
	£	£
Turnover analysed by class of business		
Carpet Sales (recognised at a point in time)	82,108,198	76,368,107

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	73,730,070	70,067,325
Europe	7,839,038	5,497,249
Rest of the world	539,090	803,533
	82,108,198	76,368,107

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

5 Exceptional items

	2020	2019
	£	£
Restructuring costs	822,044	4,109,390

The exceptional costs recorded in the year relate to company restructuring that was carried out during the year. This included redundancy payments in the year which amounted to £452,456 (2019 - £1,877,649).

6 Profit/loss for the year

	2020	2019
	£	£
Profit/loss for the year is stated after charging/(crediting)		
Net foreign exchange differences	705,530	(64,513)
Depreciation of property, plant and equipment	4,223,060	3,358,937
Depreciation of Right-of-use assets	1,381,397	-
Profit on disposal of tangible fixed assets	(4,467)	(54,840)
Staff costs	11,232,075	15,503,324
Cost of inventories recognised as an expense	46,734,159	45,384,335
Impairment loss recognised on intercompany loans	1,018,235	-
Fees payable to the company's auditor for the audit of the company's financial statements	57,500	28,880

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.

7 Employees

	2020	2019
	Number	Number
Manufacturing	250	299
Administration	83	86
	333	385

	2020	2019
	£	£
Wages and salaries	9,818,461	13,429,858
Social security costs	965,199	1,287,944
Pension costs	448,416	785,522
	11,232,076	15,503,324

Redundancy payments in the year amount to £452,456 (2019 - £1,877,649).

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

8 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	307,431	827,333
Company pension contributions to defined contribution schemes	36,791	98,613
	344,222	925,946

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

Remuneration for qualifying services	126,108	247,500

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2019 - 3).

No pension contributions were made for the highest paid director (2019 -£Nil).

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases	-	14,049
Interest on right-of-use lease liabilities	485,609	-
Interest payable to group undertakings	541,714	518,386
Other finance costs	12,531	-
	1,039,854	532,435

10 Amounts written off intercompany loans

	2020	2019
	£	£
Amounts written off intercompany loans	1,018,235	-

Intercompany loans of £1,018,235 advanced to one of the Company's subsidiaries, Venture Floorcoverings Limited, were written off during the year as the directors did not consider the amounts to be recoverable.

11 Taxation

	2020	2019
	£	£
Current tax		
Adjustments in respect of prior periods	-	(546,913)
Deferred tax		
Origination and reversal of temporary differences	(66,980)	(222,898)
Total tax (credit)	(66,980)	(769,811)

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Profit/(loss) before taxation	1,250,154	(998,822)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2019: 19.00%)	237,529	(189,776)
Effect of expenses not deductible in determining taxable profit	323,723	458
Income not taxable	(849)	(3,411)
Unutilised tax losses carried forward	-	(30,169)
Group relief	(654,781)	-
Adjustments to tax charge in respect of prior periods	-	(546,913)
Taxation credit for the year	(66,980)	(769,811)

Factors affecting future tax charges

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future.

The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.

Current and deferred taxation has therefore been measured at the enacted tax rate of 19% (2019: 17%) in these financial statements.

There were no other factors that may affect future tax charges.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

12 Tangible fixed assets

	Freehold buildings	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 30 March 2019	606,537	7,048,299	14,558,380	33,330	22,246,546
Additions	-	3,123,549	1,469,817	43,246	4,636,612
Disposals	-	-	(500,218)	(12,130)	(512,348)
At 28 March 2020	606,537	10,171,848	15,527,979	64,446	26,370,810
Accumulated depreciation and impairment					
At 30 March 2019	283,816	2,917,728	6,609,422	26,754	9,837,720
Charge for the year	85,182	3,273,177	851,758	12,943	4,223,060
Eliminated on disposal	-	-	(287,000)	(9,227)	(296,227)
At 28 March 2020	368,998	6,190,905	7,174,180	30,470	13,764,553
Carrying amount					
At 28 March 2020	237,539	3,980,943	8,353,799	33,976	12,606,257
At 30 March 2019	322,721	4,130,571	7,948,958	6,576	12,408,826

13 Right-of-use assets

	Land & Buildings - Right-of-use assets	Vehicles - Right-of-use assets	Total
	£	£	£
Cost			
At 31 March 2019 being date of adoption of IFRS 16	13,046,041	618,071	13,664,112
Additions	-	86,062	86,062
At 28 March 2020	13,046,041	704,133	13,750,174
Accumulated depreciation and impairment			
At 31 March 2019 being date of adoption of IFRS 16	-	-	-
Charge for the year	1,082,866	298,531	1,381,397
At 28 March 2020	1,082,866	298,531	1,381,397
Carrying amount			
At 28 March 2020	11,963,175	405,602	12,368,777
At 31 March 2019 being date of adoption of IFRS 16	13,046,041	618,071	13,664,112

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

13 *Right-of-use assets* *(Continued)*

	Land & Buildings - Right-of-use assets	Vehicles - Right-of-use assets	Total
	£	£	£

The group took advantage of the exemptions available not to capitalise short-term leases with a duration of less than 12 months or low value leases with a total cash outflow of less than £5,000. These leases have therefore been treated as offbalance sheet operating leases. There are no short-term operating leases held by the Company that are held off balance sheet.

The related right-of-use lease liabilities and maturity analysis are presented in note 21.

Interest expense on right-of-use lease liabilities is disclosed in note 21. The total cash outflow in respect of leases was £1,581,352.

14 Investments

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Investments in subsidiaries	-	-	502	502

Fair value of financial assets carried at amortised cost

See note 15 for details of the company's subsidiary undertakings.

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 31 March 2019 & 28 March 2020	502
Carrying amount	
At 28 March 2020	502
At 30 March 2019	502

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

15 Subsidiaries

Details of the company's subsidiaries at 28 March 2020 are as follows:

Name of undertaking	**Registered office**	**Ownership interest (%)**	**Voting power held (%)**	**Nature of business**
Distinctive Flooring Limited	Worcester Road, Kidderminster, England, DY10 1JR	100	100	Sales of hard flooring
Venture Floorcoverings Limited	Unit 1 Parkway, Crumlin, Newport, Wales, NP11 3XG	100	100	Sales of soft flooring

All shares held in subsidiaries are ordinary class shares.

16 Stocks

	2020	2019
	£	£
Raw materials	704,731	369,931
Work in progress	888,797	631,707
Finished goods	14,251,804	11,069,766
	15,845,332	12,071,404

17 Debtors

	2020	2019
	£	£
Trade debtors	8,966,516	9,615,108
Amounts owed by subsidiary undertakings	6,148,508	7,646,486
Amounts owed by fellow group undertakings	2,869,429	2,936,681
Prepayments and accrued income	683,932	610,885
	18,668,385	20,809,160

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

Amounts owed by subsidiary undertakings and fellow group undertakings are unsecured, interest free and repayable on demand.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

18 Creditors

	Due within one year		Due after one year	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	13,447,729	15,466,008	-	-
Amount owed to parent undertaking	-	-	12,576,085	12,038,080
Amounts owed to subsidiary undertakings	288,158	-	-	-
Amounts owed to fellow group undertakings	260,798	-	-	-
Amounts owed to related parties	-	23,587	-	-
Accruals	1,553,810	557,936	-	-
	15,550,495	16,047,531	12,576,085	12,038,080

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 owed to fellow group undertakings and subsidiary undertakings are unsecured, interest free and repayable on demand.

19 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 28th March 2020.

£Nil (2019: credit £128,029) has been recognised in the profit and loss account in respect of movements in the fair value of the forward foreign exchange contracts.

20 Loans and Overdrafts

	2020	2019
	£	£
Bank overdrafts	3,231,592	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 28 March 2020 the UK subsidiaries under this arrangement were in a net cash position of £10.2m (30 March 2019: net cash position of £7.29m).

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.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

20 Loans and Overdrafts **(Continued)**

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:

	2020	2019
	£	£
Due within one year liabilities	3,231,592	1,898,809

21 Obligations under right of use leases

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:*

	2020	2019
	£	£
Current liabilities - Finance leases and hire purchase agreements	-	104,138
Current liabilities - Obligations under right-of-use leases	1,263,367	-
Non-current liabilities - Finance leases and hire purchase agreements	-	155,197
Non-current liabilities - Obligations under right-of-use leases	10,612,759	-
	11,876,126	259,335

	2020	2019
Amounts recognised in profit or loss include the following:	£	£
Interest on finance leases and hire purchase agreements	-	14,049
Interest on obligations under right-of-use leases	485,609	-

Maturity of right-of-use leases are as follows:

	2020	2019
	£	£
Within one year	1,263,367	-
In two to five years	3,690,650	-
In over five years	6,922,109	-
	11,876,126	-
Future finance charges and other adjustments	-	-
Lease liabilities in the financial statements	11,876,126	-

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

22 Operating lease commitments

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

	Land and buildings		Other	
	2020	2019	2020	2019
Land and buildings	£	£	£	£
Within one year	-	1,168,519	-	354,919
Between two and five years	-	4,142,374	-	343,451
	-	5,310,893	-	698,370

Leases with a duration of over 12 months and a total cost of over £5,000 have been included within right-of-use assets in accordance with IFRS 16, see Note 13. The adjustment has been applied from 31 March 2019 using the modified retrospective approach and comparatives have not been restated. The commitment as at 30 March 2019 and the amount capitalised as a lease liability on transition to IFRS 16 can be reconciled as follows:

	2020
	£
Operating lease commitment as at 30 March 2019	5,310,893
Effect of discounting usiing the incremental borrowing rate	(3,329,603)
Effect of different lease conditions under IFRS 16	10,774,873
Right-of-use lease liability recognised on transition	12,756,163

23 Deferred taxation

	Fixed asset timing differences £
Deferred tax asset at 1 April 2018	(109,523)
Deferred tax movements in prior year	
Credit to profit or loss	(222,898)
Deferred tax asset at 30 March 2019	(332,421)
Deferred tax movements in current year	
Credit to profit or loss	(66,980)
Deferred tax asset at 28 March 2020	(399,401)

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:

	2020 £	2019 £
Fixed asset timing differences	(399,401)	(332,421)

24 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 £448,416 (2019 - £785,522).

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

25 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
425 Ordinary A of 10p each	42	42
75 Ordinary B of 10p each	8	8
	50	50

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

26 Share premium account

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

27 Capital redemption reserve

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

28 Capital commitments

Capital expenditure contracted but not provided for in the financial statements was £58,000 (2019: £35,000).

29 Contingent Liability

During the year ended 28 March 2020 the parent company, Victoria Plc, issued €500m of 2024 senior secured notes on which a coupon of 5.25% is paid bi-annually. The notes were issued in two tranches, with the first tranch (€330m) issued at par and the second (€170m) at 5% premium. Victoria Plc also has a variable rate £75m multi-currency revolving credit facility maturing in 2024. These notes and the revolving credit facility are guaranteed by certain of Victoria Plc's subsidiaries, including Abingdon Flooring Limited.

30 Related party transactions

	2020	2019
Amounts due to related parties	£	£
Amounts due to directors	-	23,587

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

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

31 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.victoriaplc.com, and from Victoria P.L.C, Worcester Road, Kidderminster, Worcestershire, DY10 1JR.

32 Hive up

Carpet tiles division

On 31 January 2020 the company acquired the trade and assets of the carpet tiles division of Distinctive Flooring Limited ("carpet tiles division"), a subsidiary of the company, in line with the group's restructuring plans in the UK.

Consideration

The consideration paid for the carpet tiles division comprises cash consideration of £2,218,908.

Net assets acquired

	Amounts recognised at acquisition date £
Tangible fixed assets	332,412
Other debtors	39,026
Stocks	2,188,311
Other creditors	(340,842)
Book and fair value of total identifiable net assets acquired	**2,218,908**
Goodwill arising on acquisition	-
Total consideration	**2,218,908**
Satisfied by:	
Cash	2,218,908
	2,218,908

The book value of assets acquired is considered to approximate their fair values.

No transaction costs were incurred relating to the acquisition that would require recognition as an expense in the Statement of Comprehensive Income.

ABINGDON FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2020

33 Transition adjustments

During the period, the company adopted IFRS 16 in relation to leasing. The key effects on the current year's balance sheet can be summarised as follows:

	2020 on a consistent basis with IFRS 16	Effect of IFRS 16	As reported this year
	£m	£m	£m
Non current assets	12.70	12.30	25.00
Current assets	35.50	-	35.50
	48.20	12.30	60.50
Current liabilities	19.70	1.90	21.60
Non-current liabilities	12.60	10.60	23.20
	32.30	12.50	44.80
Net assets	15.90	0.20	15.70
Profit and loss	15.90	0.20	15.70
Total equity	15.90	0.20	15.70