

Registration number: 04372131

Toolstation Limited

Annual report and financial statements

for the year ended 31 December 2020



Toolstation Limited

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Toolstation Limited

Company information

Directors	D.J. Cox R. Lavin L.J. Lynch J.S. Mackenzie A.R. Williams
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditor	KPMG LLP Statutory Auditor 1 Snow Hill Queensway Birmingham B4 6GH

Toolstation Limited

Directors' report for the year ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Future developments

An indication of future developments of the business is included in the Strategic report on page 4.

Directors of the Company

The Directors who held office during the year were as follows:

D.J. Cox
R. Lavin
L.J. Lynch
J.S. Mackenzie
A.R. Williams

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends

The Directors do not recommend payment of a final dividend (2019: £nil). An interim dividend of £nil (2019: £10,000,000; 43p per ordinary share) was paid during the year.

Political donations

During the year the Company made no political donations nor incurred any political expenditure.

Employees

Details of the Company's policies on disabled employees and employer consultation are given in the Strategic report on page 10.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

Toolstation Limited

Directors' report for the year ended 31 December 2020 (continued)

Disclosure of information to the auditors

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

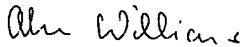
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are 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.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 28 May 2021 and signed on its behalf by:



.....
A.R. Williams
Director

Toolstation Limited

Strategic report for the year ended 31 December 2020

The Directors present their Strategic report for the year ended 31 December 2020.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company.

The principal activity of the Company is telephone order, retail and internet sales of trade and DIY products to professional tradesman and the general public in the UK. The Company has a range of over 20,000 products. Each product has a single fixed price which is available to everyone regardless of status.

The Company is a guarantor company for the Group's borrowing facilities and participates in the Group's treasury arrangements.

Review of the business

In 2020, Toolstation demonstrated outstanding revenue growth of 29.7% driven by the acceleration of the UK network expansion, with 60 branches opening in 2020, bringing the overall network up to 460. This opening profile reflects a branch opening every six days despite the coronavirus pandemic, with new branches demonstrating strong growth trends, in an ever changing retail environment.

The range available online and through the catalogue was extended by an additional 4,000 products. This included a strong focus on an extended dropship range, with particularly strong performance on landscaping. Outdoor products overperformed as customers spent the lockdowns improving their homes.

As a business Toolstation responded strongly to the pandemic, adapting the model to provide click and collect fulfilment centres and online proposition for customers. We were able to repurpose Redditch distribution centre to meet direct to customer deliveries due to the pivot to more digital trading.

The Company made an operating profit of £19.5m for the year to 31 December 2020 (2019: £25.6m). The Company's profit after tax was £15.2m for the year to 31 December 2020 (2019: £20.3m).

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

	Unit	2020	2019	KPI Description
Total revenue	£m	563	434	Total sales for the period
Revenue growth	%	30	22	Increase in company's sales from one period to the next
Operating profit	£m	20	26	Profit before tax, financing charges and income, amortisation of acquired intangibles and adjusting items
Operating margin	%	3	6	Operating profit divided by total revenue

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. In these circumstances, neither the Company nor its customers have been able to trade in a normal manner.

The impact of this pandemic on the Company and the going concern basis of preparation is discussed in note 2.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent gross risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Company has to accept a certain level of risk in order to generate suitable returns for shareholders and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. During the year, the Directors have reviewed the principal risks and have concluded that as the nature of the business and the environment in which it operates remain broadly the same, the principal risks it faces are largely unchanged. However, some previously identified risks in respect of business transformation have considerable overlap and so they have been combined, whilst the Directors have also concluded that with so many stakeholders interacting with operations, health and safety risk should be described separately from other legislative risk.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

The Directors are required to undertake a robust assessment of the emerging risks that may impact the Company. The Directors regularly consider the latest risk research alongside views on emerging risks collated from assessments made by the business unit and functional leadership teams.

The list below sets out, in no particular order, the current principal risks that are considered by the Board to be material. These key risks have been determined for the Group and are considered applicable to the Company.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

- Market conditions leading to demand uncertainty
- The Covid-19 pandemic and its significant and prolonged impact on the Group's operations
- Changing customer & competitor landscape
- Supplier risks including supplier dependency, relationship, overseas sourcing and disintermediation leading to adverse impacts on ranging and price
- Portfolio management: risk that we over-invest in channels which may decline or are non-core or not allocate sufficient capital to new propositions and advantaged businesses
- Change management: business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Growing risks in relation to Environmental, Social and Governance matters require us to regularly identify our most material responsibilities and challenges in order to target investment and manage them well
- IT systems and infrastructure: system failures or outages could disrupt the day-to-day operations and, in turn, impact customer service and financial performance
- Cyber threat & data security: theft and sale of personal data as well as risks of data loss or leakage
- People: talent management, the ability to recruit, develop, retain and motivate suitably qualified and experienced staff is an important driver of overall performance
- Health, safety & well-being: unsafe practices result in harm to colleagues, customers, suppliers or the public
- Legal compliance: changing regulatory framework increases the risk of non-compliance and fines

Corporate Governance

Toolstation Limited ("Toolstation") is a wholly owned subsidiary of Travis Perkins plc (the "Group"). Under the The Companies (Miscellaneous Reporting) Regulations 2018 regulation 14, Toolstation is required to report on its governance arrangements. As a wholly owned subsidiary of a listed Group, Toolstation does not consider it appropriate to report against the UK Corporate Governance Code or other governance codes. Toolstation is subject to and abides by the Group policies and procedures of Travis Perkins plc which fully complies with the UK Corporate Governance Code. Details of the Group's governance arrangements are set out in full in the Travis Perkins plc Annual Report and Accounts 2020.

Although Toolstation is a wholly owned subsidiary, the Board of Toolstation recognises the importance of good governance for the long-term sustainable success of the Company and ensures that Toolstation complies with all Group policies. The governance framework of the Group delegates authority for local decision making to Travis Perkins up to defined levels of cost and impact. The Company has set up its own governance framework within its delegated authority. The Travis Perkins Board and senior management team meets on a monthly basis to oversee the development and implementation of strategy and to monitor the Company's performance. The Board delegates the management of certain operational matters to management committees and groups comprised of operational leaders and subject matter experts to support it in discharging its obligations.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

S172 statement

Engaging with stakeholders

Toolstation Limited ("Toolstation") is a wholly owned subsidiary of Travis Perkins plc (the "Group") and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to Toolstation up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board of Toolstation places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of Toolstation, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business is at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the Company's key stakeholders and how we engage with them are set out below.

Shareholders

We rely on the support of our shareholder, Travis Perkins plc, and its opinions are important to us. We have an open dialogue with our shareholders through regular one-to-one meetings and reporting to the Group Board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues

Our people are key to the Company's success and we want them to be successful individually and as a team. We work hard to engage with and listen to our people in a number of different ways.

In addition to our annual all colleague engagement survey and resultant functional level action plans, we conduct face to face colleague listening groups at each of our Distribution sites and both regionally and nationally for our retail colleagues. To support this we have also developed a business wide Information site 'Toolstation Together' which provides all colleagues access to all relevant business information, latest functional and business news, HR policies and people toolkits and a central place for all colleagues to share ideas and feedback to help us to continue to develop the right support strategies, building a strong culture for all of our colleagues to be at their best.

Weekly 'What's up Wednesday' video conference forums in Retail enable colleagues to ask questions and enter into discussions with both the Retail Leadership and their peers. In Head office, Colleague and leadership online forums have been introduced to explore new ways of working and establish remote communities whilst our colleagues are working from home.

Regular weekly newsletters in Retail, Contact Centre and Distribution centres are in place as well as weekly updates from the MD, HR Director and Functional Directors on business priorities, new products and services, health and wellbeing, development opportunities and pay and benefits.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

Customers

Our Customers fall into two key categories - 'DIY' and 'Trade'. Our simplicity of business model does not differentiate these customers apart from product choice. We pride ourselves on making customers' work easier by ensuring they can get the right product for the job just when they need it. Low prices, stock availability and convenience are key to the brand. More than 20,000 selected products are available from 460 branches, open 7 days a week and offering a speedy click and collect or next day delivery service, via the Toolstation website or dedicated UK call centre.

Suppliers

We work with a large number of suppliers based around the world. We undertake risk assessments on all our suppliers as we recognise the importance of their role in our continued success. If an assessment deems a supplier high risk, this brings a higher level of monitoring and scrutiny to manage the relationship and the supply. Other suppliers are required to sign up to a statement of expectations. We work closely with our suppliers using innovation days to feedback market intelligence and to help inform the range for the following year. We have a number of own brand products and we pride ourselves on working closely with the manufacturers to ensure the integrity of the products we supply.

Communities and the environment

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is taken into account with plans to reduce plastic packaging and usage where possible and research the potential use of electric vehicles to reduce the impact on the carbon emissions.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The business works closely with HMRC in relation to importing products and continues to build that relationship to ensure the ongoing operations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

Decision making in practice

One of the key decisions made by the Board during the year was to launch trade credit.

Stakeholder	Stakeholder views	Conclusions
Shareholders	The Company's shareholder wants to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the company.	To ensure the long term sustainable success of the business it must operate in the most effective and efficient way. A review found that sales per branch could be increased by the offering of trade credit.
Colleagues	The Company's colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop.	Colleagues were engaged early in the process and a trade credit project team was established to enable them to meet expectations.
Customers	The Company's customers want propositions that work for them and for the business to operate in an ethical way.	Customers would benefit from increased convenience of having an account with us. It supports their cashflow and also the speed of their transaction.
Suppliers	The Company's suppliers want to have confidence that the business will continue to trade with them in the long term.	The decision would not have a material impact on suppliers. Suppliers could take confidence that the business is investing and expanding which provides security to the supplier base and allows them to invest for the future to support our growth.
Communities	The Company's communities want continued support with local causes and issues. They want the Company to be considerate of their local communities.	The work done by Toolstation in the community and with charity partners was not affected by the decision. Managing customers and suppliers effectively enables the Company to continue to support local and national causes.
Government and regulators	The government and regulators want the Company to operate in an ethical way and comply with laws and regulations	The business must be compliant and cognisant of many regulations and legislation that apply to the business and be able to implement changes in a timely manner.

Toolstation Limited

Strategic report for the year ended 31 December 2020 (continued)

Corporate responsibility

Environmental matters

The Travis Perkins plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Company employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

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.

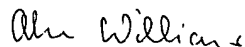
The Company's employment policies have been designed to meet the needs of its business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

With branches throughout the United Kingdom, the Company recognises its role in and responsibilities towards local communities. Branches are encouraged to support their local communities through involvement in local affairs, such as by sponsoring organisations or donating materials to projects.

Approved by the Board on 28 May 2021 and signed on its behalf by:



.....
A.R. Williams
Director

Toolstation Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Toolstation Limited

Opinion

We have audited the financial statements of Toolstation Limited ('the Company') for the year ended 31 December 2020, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for directors.

Independent Auditor's Report to the Members of Toolstation Limited (continued)

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no material judgments involved and sales comprise a high number of individually low value transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Toolstation Limited (continued)

Strategic report and Directors' report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports, and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Toolstation Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



.....
Andrew Cawthray (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Snow Hill Queensway
Birmingham
B4 6GH

28 May 2021

Toolstation Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	563,138	434,165
Cost of sales		<u>(347,691)</u>	<u>(275,817)</u>
Gross profit		215,447	158,348
Administrative expenses		<u>(195,946)</u>	<u>(132,738)</u>
Operating profit	5	<u>19,501</u>	<u>25,610</u>
Profit before taxation		19,501	25,610
Tax charge on profit	10	<u>(4,270)</u>	<u>(5,357)</u>
Profit and total comprehensive income for the financial year		<u>15,231</u>	<u>20,253</u>
Total comprehensive income for the year		<u>15,231</u>	<u>20,253</u>

The above results were derived from continuing operations.

Toolstation Limited

Balance sheet as at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Tangible fixed assets	11	30,549	23,938
Intangible assets	12	3,592	2,349
Amounts owed by group undertakings	13	<u>21,773</u>	<u>-</u>
		<u>55,914</u>	<u>26,287</u>
Current assets			
Stocks	14	127,357	126,531
Debtors	15	22,555	33,874
Cash at bank and in hand		<u>519</u>	<u>3,027</u>
		150,431	163,432
Creditors: amounts falling due within one year	16	<u>(126,548)</u>	<u>(125,538)</u>
Net current assets		<u>23,883</u>	<u>37,894</u>
Total assets less current liabilities		79,797	64,181
Provisions	18	<u>(1,303)</u>	<u>(1,125)</u>
Net assets		<u>78,494</u>	<u>63,056</u>
Capital and reserves			
Called up share capital	20	2,300	2,300
Profit and loss account	21	<u>76,194</u>	<u>60,756</u>
Total equity		<u>78,494</u>	<u>63,056</u>

The notes on pages 19 to 32 form an integral part of these financial statements.

The financial statements of Toolstation Limited, registered number 04372131, were approved and authorised by the Board on 28 May 2021 and signed on its behalf by:

A.R. Williams

A.R. Williams
Director

Toolstation Limited

Statement of changes in equity for the year ended 31 December 2020

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2019	2,300	50,344	52,644
Profit for the year	-	20,253	20,253
Total comprehensive income	-	20,253	20,253
Dividends paid on equity shares	-	(10,000)	(10,000)
Share based payment transactions	-	159	159
At 31 December 2019	2,300	60,756	63,056
Profit for the year	-	15,231	15,231
Total comprehensive income	-	15,231	15,231
Equity-settled share based payments	-	207	207
At 31 December 2020	2,300	76,194	78,494

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 10.

2 Accounting policies

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

These financial statements have been prepared using the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern assessment by the Directors of the Company

The Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual report and financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- that the Company is part of the Travis Perkins plc Group (the "Group"). The Company is a guarantor company for the Group's borrowing facilities and the Company's ability to operate as a going concern is directly linked to the Group's position.
- that the company has produced cash flow forecasts which are included in those of the Group.
- the Group's cash flow forecasts and revenue projections, taking into account the demerger of the Wickes business in April 2021 and the resulting impact on the Group's balance sheet and liquidity profile

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

- reasonable potential changes in trading performance, including any impact from continued COVID-19 restrictions, and the removal or tapering of government support schemes such as Stamp Duty Relief and the Coronavirus Jobs Retention Scheme
- the committed facilities available to the Group and the covenants thereon
- the Group's robust policy towards liquidity and cash flow management
- the Group management's ability to successfully manage the principal risks and uncertainties during periods of uncertain economic outlook and challenging macro-economic conditions

The Group going concern assessment was completed for the Group accounts published on 2nd March 2021. The Directors have made appropriate inquiries of the Group subsequent to the date of that assessment and up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a going concern.

Travis Perkins plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Tangible fixed assets

Tangible fixed assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged on a straight-line basis so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation rate
Leasehold improvements	Over the term of the lease
Motor vehicles	10% per annum
Fixture, fittings & equipment	10% - 25% per annum
Office equipment	10% - 25% per annum

Intangible fixed assets

Amortisation is provided on intangible fixed assets on a straight-line basis so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	10%-33% per annum

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined contribution pension obligation

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, having been adjusted to reflect an estimate of shares that will eventually vest and for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group also provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value. These are measured at fair value at the date of the grant and expensed on a straight-line basis over the vesting period.

As the Company is part of a group share-based payment plan it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. This allocation is based on individual employees and where their services are rendered for group companies.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Supplier income

Supplier income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the profit and loss account when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost that inventory reflects those discounts and rebates.

The Company received customer sales support payments that are made entirely at the supplier's option, that are requested by the Company when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade creditors when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in prepayments and accrued income in the balance sheet.

Other promotional arrangements are not significant.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and value added tax. The Company supplies all goods within the United Kingdom.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

These financial statements have been prepared in accordance with the Company's accounting policies, which are described in note 2. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments as facts and circumstances dictate.

4 Revenue

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and value added tax.

All turnover (2019: all turnover) is generated from the sale of goods in the United Kingdom.

5 Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	6,194	6,043
Amortisation of intangible assets	685	729
Operating lease expense	<u>17,557</u>	<u>14,713</u>

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2020	2019
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>115</u>	<u>80</u>

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Auditor's remuneration (continued)

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

7 Directors' remuneration

One (2019: five) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £630,000 (2019: £2,028,000), and performance-related bonus of £nil (2019: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, none (2019: none) are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and three (2019 four) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

Four (2019: five) Directors paid by another group company had share options under long term incentive scheme during the year. Two (2019: three) of them exercised share options under IFRS2.

The remuneration paid directly to the Directors by the Company and remuneration paid to the Directors by other group companies and allocated to the Company for the year was as follows:

	2020 £ 000	2019 £ 000
Directors' remuneration	717	48
Pension contributions	40	-
	<u>757</u>	<u>48</u>

8 Staff costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	2020 No.	2019 No.
Administration and support	360	308
Sales	3,279	2,822
Distribution	690	656
	<u>4,329</u>	<u>3,786</u>

The aggregate payroll costs (including Directors' remuneration) were as follows:

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Staff costs (continued)

	2020	2019
	£000	£000
Wages and salaries	89,116	66,993
Social security costs	5,908	4,448
Pension costs	1,465	1,113
Share-based payment expenses	207	159
	<u>96,696</u>	<u>72,713</u>

9 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme on behalf of certain employees. In addition to this the Company runs a further defined contribution pension scheme for all eligible employees that meets the requirements of Government Auto-enrolment. The pension charge for the year represents contributions payable by the company to both funds and amounted to £1,465,000 (2019: £1,113,000).

There were outstanding contributions of £302,000 at the end of the year (2019: £243,000). There were no prepaid contributions at the end of either financial year.

Share-based payments

As the company is part of a group share-based payment plan it recognises measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. This allocation is based on individual employees and where their services are rendered for group companies.

The total expense recognised in profit and loss account for the year was £207,000 (2019: £159,000).

SAYE

The employee Save-As-You-Earn (SAYE) share purchase plan is open to all employees with at least three months' service and provides for the purchase of shares at a price equal to the three day average market price before the date of invitation to the plan, less 20%. Employees may participate in the Employee Share Savings Plan for a three or five year period.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Tax

Tax charged/(credited) in the profit and loss account

	2020 £000	2019 £000
Current taxation		
UK corporation tax	4,265	5,420
Adjustments in relation to prior periods	<u>31</u>	<u>68</u>
	<u>4,296</u>	<u>5,488</u>
Deferred taxation		
Origination and reversal of timing differences	157	337
Adjustments in relation to prior periods	<u>(183)</u>	<u>(468)</u>
Total deferred taxation	<u>(26)</u>	<u>(131)</u>
Tax expense in the income statement	<u><u>4,270</u></u>	<u><u>5,357</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019: higher than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

On 3 March 2021 it was announced that the UK corporation tax rate will increase in April 2023 to 25%, but this has not yet been substantively enacted. Any deferred tax balances have been calculated at the rates substantively enacted to the extent they unwind.

The differences are reconciled below:

	2020 £000	2019 £000
Profit before tax	<u>19,501</u>	<u>25,610</u>
Corporation tax at standard rate	3,705	4,866
Adjustments in relation to prior years	(152)	(400)
Effect of expenses not deductible for tax purposes	20	29
Depreciation on non qualifying property	675	644
Effect of exercise of employee share options	22	30
Deferred tax rate differential	<u>-</u>	<u>188</u>
Total tax charge	<u><u>4,270</u></u>	<u><u>5,357</u></u>

The deferred tax position is measured at a rate of 19% (2019: 17%), which is the current enacted statutory corporation tax rate.

	2020 £000	2019 £000
Current tax	4,296	5,488
Deferred tax	<u>(26)</u>	<u>(131)</u>

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Tangible fixed assets

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Office equipment £000	Total £000
Cost					
At 1 January 2020	40,031	23,136	626	9,748	73,541
Additions	8,874	3,067	-	868	12,809
Disposals	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>(4)</u>	<u>(72)</u>
At 31 December 2020	<u>48,905</u>	<u>26,203</u>	<u>558</u>	<u>10,612</u>	<u>86,278</u>
Depreciation					
At 1 January 2020	23,957	17,882	626	7,138	49,603
Charge for the year	3,554	1,934	-	706	6,194
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>(68)</u>
At 31 December 2020	<u>27,511</u>	<u>19,816</u>	<u>558</u>	<u>7,844</u>	<u>55,729</u>
Net book value					
At 31 December 2020	<u>21,394</u>	<u>6,387</u>	<u>-</u>	<u>2,768</u>	<u>30,549</u>
At 31 December 2019	<u>16,074</u>	<u>5,254</u>	<u>-</u>	<u>2,610</u>	<u>23,938</u>

12 Intangible fixed assets

	Software £000	Total £000
Cost		
At 1 January 2020	3,078	3,078
Additions acquired separately	<u>1,928</u>	<u>1,928</u>
At 31 December 2020	<u>5,006</u>	<u>5,006</u>
Amortisation and impairment		
At 1 January 2020	729	729
Amortisation charge	<u>685</u>	<u>685</u>
At 31 December 2020	<u>1,414</u>	<u>1,414</u>
Net book value		
At 31 December 2020	<u>3,592</u>	<u>3,592</u>
At 31 December 2019	<u>2,349</u>	<u>2,349</u>

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Amounts owed by group undertakings

Amounts owed by group undertakings include an intercompany loan to Travis Perkins plc of £21,773,000 (2019: nil). No interest is being charged on this loan. The loan does not have a fixed date of repayment and is classified as non current.

14 Stocks

Stocks consist of goods for resale. There is no material difference between the balance sheet valuation of stocks and their replacement cost.

	2020 £000	2019 £000
Goods for resale	<u>127,357</u>	<u>126,531</u>

15 Debtors

	2020 £000	2019 £000
Trade debtors	7,418	1,963
Prepayments and accrued income	13,469	26,279
Amounts owed by group undertakings	22	4,012
Deferred tax asset (note 19)	<u>1,646</u>	<u>1,620</u>
	<u>22,555</u>	<u>33,874</u>

Non-current debtors include amounts owed by group undertakings is an intercompany loan to Travis Perkins plc of £21,773,000 (2019: nil).

All other debtor are due within one year. Included in current amounts owed by group undertakings is an intercompany loan to Travis Perkins plc of nil (2019: £4,013,000). The balance is repayable on demand and no interest is charged.

16 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	44,764	64,812
Amounts due to group undertakings	13,484	25,333
Corporation tax liability	19	2,658
Accruals and deferred income	50,083	27,800
Other taxation and social security	<u>18,198</u>	<u>4,935</u>
	<u>126,548</u>	<u>125,538</u>

Included in amounts owed to group undertakings is a loan from Travis Perkins plc. The loan is unsecured and repayable on demand, and no interest is charged.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

17 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£000	£000
Not later than one year	18,210	15,476
Later than one year and not later than five years	60,831	52,806
Later than five years	39,584	35,086
	<u>118,625</u>	<u>103,368</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £17,557,000 (2019: £14,713,000).

18 Provisions

	Dilapidation	Total
	£000	£000
At 1 January 2020	1,125	1,125
Charged to the profit and loss account	178	178
At 31 December 2020	<u>1,303</u>	<u>1,303</u>

The dilapidation provision relates to the future cost of reinstating certain short leasehold properties to their original condition at the end of their lease term. It will be utilised as required if properties are surrendered, the longest term being greater than 5 years.

19 Deferred tax

	Provided		Unprovided	
	2020	2019	2020	2019
	£000	£000	£000	£000
Accelerated capital allowances	1,613	1,597	-	-
Share options	33	23	-	-
	<u>1,646</u>	<u>1,620</u>	<u>-</u>	<u>-</u>

A deferred tax asset of £1,646,000 (2019: £1,620,000) has been included in debtors at year end. This asset, which relates to accelerated capital allowances and share options, has been recognised in these financial statements as the Company has been profitable in the current year and the forecast for 2021 shows that there is a high likelihood of sufficient profits to utilise the asset.

There were no deferred tax liabilities as at 31 December 2020 (2019: £nil).

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 Share capital

Allotted, called up and fully paid shares

	No.	2020 £000	No.	2019 £000
Ordinary 'B' shares of £0.10 each	23,000,000	2,300.0	23,000,000	2,300.0
Ordinary 'A' shares of £0.10 each	1,000	0.1	1,000	0.1
	<u>23,001,000</u>	<u>2,300.1</u>	<u>23,001,000</u>	<u>2,300.1</u>

Rights, preferences and restrictions

The ordinary 'A' and 'B' shares rank pari passu in all respects.

21 Reserves

The profit and loss account represents cumulative profits or losses.

22 Dividends

	2020 £ 000	2019 £ 000
Interim dividend of nil (2019:43p) per each ordinary share	-	10,000

23 Contingent liabilities

At 31 December 2020 the Company, together with seven other subsidiaries in the Travis Perkins' group have guaranteed:

- the Group's £400 million facility. At 31 December 2020 the facility was undrawn (2019: undrawn).
- £550 million of UK guaranteed notes, issued by Travis Perkins plc.
- A £30.0m (2019: £30.0m) overdraft facility advanced to the Group is guaranteed by the Company, along with other group companies. At the year-end the overdraft facility was not utilised.
- Along with other group companies the Company is also guarantor of certain agreements entered into during the normal course of business by the Group which at the year-end totalled £25.0m (2019: £25.0m).

Further details of the Group's borrowings are given in the financial statements of Travis Perkins plc.

Following the demerger of the Wickes business in April 2021, Wickes Building Supplies Limited is no longer a guarantor of the Travis Perkins Group's banking facilities and bonds. On 20 May 2021 the Travis Perkins Group announced that the sale of its Plumbing & Heating business had been agreed. This could impact the guarantors in the coming year.

Toolstation Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

24 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

In 2020, the Company had no related party transactions.

In 2019, the Company provided Stock & Technical services to Toolexpert Benelux BV of £14,000 and Professional services to Toolstation Europe BV of £53,000 and Toolstation France SAS of £2,000 with £nil outstanding at the year end.

25 Parent and ultimate parent undertaking

The immediate parent undertaking is Toolstation Holdings Limited. The ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.