

Interfloor Group Limited

Report and Financial Statements

For the period ended 3 April 2021

Company Registration No. 05516829



Interfloor Group Limited

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Interfloor Group Limited

Directors' Report

For the period ended 3 April 2021

The Directors present their report and the financial statements for the 53 week period ended 3 April 2021.

Principal activity

The principal activity of the Company is that of an intermediate holding company and a provider of management services to Interfloor Limited.

Results and dividends

The loss for the period, after taxation, amounted to £619,000 (2020: £837,000). During the period, the company paid dividends of £nil (2020: £nil).

Directors

The Directors who served during the period were:

S Byrne
J Cooper
J Snee (resigned 2 September 2020)
G Wilding
P Yates (appointed 25 June 2021)

Going concern

The financial statements are prepared on a going concern basis

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. The Directors have obtained a letter of support from the ultimate parent undertaking to ensure if a cash shortfall arose then liabilities can be met. This support will be available for at least 12 months from the date of signing of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to auditor

The directors confirm that:

- 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 Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21/2/2022 and signed on its behalf.

Steve Byrne

S Byrne
Director

Interfloor Group Limited**Directors' Responsibilities Statement**
For the period ended 3 April 2021

The Directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom General Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101, 'Reduced Disclosure Framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Steve Byrne

S Byrne
Director

21/2/2022

Interfloor Group Limited

Independent auditor's report to the members of Interfloor Group Limited

Opinion

We have audited the financial statements of Interfloor Group Limited (the 'company') for the period from 29 March 2020 to 3 April 2021, 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 3 April 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's

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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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter 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 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined the most significant laws and regulations to be the Companies Act 2006 and United Kingdom Accounting Standard, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included
 - Evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - Making inquiries, in respect of fraud, of those outside the finance team, including key management;
 - Challenging assumptions and judgements made by management in the company's significant accounting estimates;
 - Identifying and testing unusual journal entries; and
 - Identifying and testing related party transactions.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the company operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
- In assessing the potential risks of material misstatement, we obtained an understating of:
 - The company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - The company's control environment including the adequacy of procedures for authorisation of transactions
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud and is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would be aware of it.

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Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Frances Grant
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 23/2/2022

Interfloor Group Limited**Statement of Comprehensive Income**
For the period ended 3 April 2021

	Note	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 Restated £'000
Turnover	3	530	614
Administrative expenses		<u>(582)</u>	<u>(629)</u>
Operating loss		(52)	(15)
Interest payable and similar charges	6	<u>(567)</u>	<u>(968)</u>
Loss on ordinary activities before taxation	4	(619)	(983)
Tax on loss on ordinary activities	7	-	146
Total comprehensive loss for the financial period		<u>(619)</u>	<u>(837)</u>

There was no other comprehensive income for the period (2020: £nil).

The notes on page 11 to 24 form part of these financial statements.

Interfloor Group Limited**Balance Sheet****At 3 April 2021**

	Note	3 April 2021 £'000	28 March 2020 Restated £'000
Fixed assets			
Investments	8	<u>4,694</u>	<u>4,433</u>
		4,694	4,433
Current assets			
Debtors: amounts falling due within one year	9	<u>38,525</u>	<u>38,493</u>
Creditors: amounts falling due within one year	10	<u>(39,268)</u>	<u>(27,015)</u>
Net current (liabilities)/assets		<u>(743)</u>	<u>11,478</u>
Total assets less current liabilities		3,951	15,911
Creditors: amounts falling due after more than one year	11	<u>(6,188)</u>	<u>(17,624)</u>
Net liabilities		<u>(2,237)</u>	<u>(1,713)</u>
Capital and reserves			
Called up share capital	13,14	1,382	1,382
Share premium account	14	198	198
Other reserve	14	281	186
Profit and loss account	14	<u>(4,098)</u>	<u>(3,479)</u>
Shareholders' funds		<u>(2,237)</u>	<u>(1,713)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21/2/2022

Signed on behalf of the Board of Directors:

Steve Byrne

S Byrne
Director

Company registration no: 05516829

The notes on page 11 to 24 form part of these financial statements.

Interfloor Group Limited**Statement of Changes in Equity
For the period ended 3 April 2021**

	Called-up share capital £'000	Share prem- ium accoun t £'000	Other reserve	Profit and loss accoun t £'000	Total £'000
At 31 March 2019	1,382	198	-	(2,642)	(1,062)
Share based payment charge	-	-	186	-	186
Loss for the period	-	-	-	(898)	(837)
At 28 March 2020	1,382	198	186	(3,540)	(1,774)
Effect of Prior Period Adjustment (see Note 17)	-	-	-	61	61
At 28 March 2020 Restated	1,382	198	186	(3,479)	(1,713)
At 29 March 2020 Restated	1,382	198	186	(3,479)	(1,713)
Share based payment charge	-	-	95	-	95
Loss for the period	-	-	-	(619)	(619)
At 3 April 2021	1,382	198	281	(4,098)	(2,237)

The notes on page 11 to 24 form part of these financial statements.

Interfloor Group Limited

Notes to the Financial Statements *For the period ended 3 April 2021*

1. Company information

Interfloor Group Limited ("Company") is a company limited by shares and incorporated under the Companies Act 2006 in the United Kingdom. The address of the registered office is Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS. The accounts cover the 53 week period ended 3 April 2021 with comparatives for the 52 week period ended 28 March 2020.

2. Accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

The financial statements have been prepared on a historical cost.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

2.2 Going concern

The financial statements are prepared on a going concern basis.

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. The Directors have obtained a letter of support from the ultimate parent undertaking to ensure if a cash shortfall arose then liabilities can be met. This support will be available for at least 12 months from the date of signing of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Parent company

The Company is a wholly owned subsidiary of Victoria Plc which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of Victoria Plc for the period ended 3 April 2021. These accounts are available from www.victoriapl.com and are available from Companies House.

2.4 Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

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Notes to the Financial Statements For the period ended 3 April 2021

2. Accounting policies (continued)

2.4 Disclosure exemptions adopted (continued)

- 1 A statement of cash flows and related notes
- 2 Non-current asset held for sale and discontinued operation net cash flow disclosure
- 3 Requirement to produce a balance sheet at the beginning of the earliest comparative period
- 4 Requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group
- 5 Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- 6 Disclosure of key management personnel compensation
- 7 Capital management disclosures
- 8 Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- 9 The effect of future accounting standards not adopted
- 10 Certain share based payment disclosures
- 11 Business combination disclosures
- 12 Disclosures in relation to impairment of assets
- 13 Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- 14 Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

2.5 Exemption from preparation of consolidated financial statements

The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger group which are filed at Companies House.

2.6 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment.

2.7 Financial instruments – intercompany balances

For group loans which are due on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition then such loans are carried at the amount due/payable on an amortised cost basis.

2.8 Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**2. Accounting policies (continued)****2.9 Revenue recognition**

Revenue comprises the value of services (excluding VAT, similar taxes and trade discounts) provided in the normal course of business. The Company's revenue is derived from the provision of management services.

Revenue on the provision of services is recognised when the Company has provided to the buyer the contracted service.

2.10 Dividends receivable

Dividends are recognised at the time the right to receive payment is established.

2.11 Operating expenses

Operating expenses are recognised in the Statement of Comprehensive Income upon utilisation of the service or as incurred.

2.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.13 Operating (loss)/profit

Operating loss/profit is stated after charging exceptional administrative costs but before finance costs.

2.14 Significant judgement in applying accounting policies and key estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an on-going basis. Actual results may differ from these estimates.

Interfloor Group Limited

Notes to the Financial Statements For the period ended 3 April 2021

2. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

Valuation of deferred earn-out consideration

Liabilities are recognised in respect of acquisitions with outstanding deferred earn-outs at the end of the period. These are assessed for each relevant business based upon management financial projections for the next 12 months and applying growth assumptions for future years where relevant. Key assumptions are those regarding discount rate, growth rates and expected changes to selling prices and direct costs.

Key sources of estimation uncertainty

Impairment of investment carrying value

Determining whether the carrying value of investment is impaired requires an estimation of the valuation of the investment. The valuation calculation requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value.

2.15 International Financial Reporting Standards (IFRS) adopted for the first time in the period

There were no new standards or amendments to standards adopted for the first time this period that had a material impact on the results for the company. The prior period comparatives have not been restated for any changes in accounting policies that were required due to the adoption of new standards this period.

2.16 Future adoption of international financial reporting standards

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early to the company. These standards are not expected to have a material impact on the results for the company.

2.17 Share based payments

The equity settled share based incentive program allows certain Group employees to exchange growth shares issued in the intermediate holding company Victoria Midco Holdings Limited into Ordinary Shares in Victoria Plc of equivalent value. The fair value of the growth shares is based on growth in the share price of Victoria Plc above a hurdle, and is measured using an appropriate valuation model (Black-Scholes or Monte Carlo) at grant date. The fair value is spread over the vesting period representing the Company's best estimate of the time in which the participant will exchange growth shares for Ordinary Shares in the Company, with the charge to the income statement recognised as an employee expense, and a corresponding increase in equity.

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**2. Accounting policies (continued)****2.18 Prior period adjustment**

The prior period income statement, balance sheet and related other statements and notes have been re-stated to reflect a change in accounting treatment of the contingent earn-out consideration payable on certain historical acquisitions. (see Note 17)

3. Turnover

Turnover, analysed geographically between markets, was as follows:

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 £'000
United Kingdom	<u>530</u>	<u>614</u>
	<u>530</u>	<u>614</u>

All turnover was derived from the company's principal activity.

4. Loss on ordinary activities before taxation

Amounts receivable by the company's auditor has been borne by Interfloor Limited in both periods.

5. Directors and employees

Staff costs, including directors, comprised the following:

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 £'000
Wages and salaries	269	337
Social security costs	36	45
Share-based employee remuneration (including accelerated IFRS2 charge)	95	186
Other pension costs (note 12)	<u>7</u>	<u>10</u>
	<u>407</u>	<u>578</u>

Share-based payment scheme

On 10 April 2018, a new long-term incentive plan was introduced by Victoria Plc to incentivise senior employees. The plan involves the issue of up to 100,000 ordinary shares in Victoria Midco Holdings Limited.

Interfloor Group Limited

Notes to the Financial Statements For the period ended 3 April 2021

5. Directors and employees (continued)

The Plan will operate for a five year period, with the value of the Incentive Shares linked to cumulative Total Shareholder Return ("TSR") delivered each year above a hurdle, being the current market capitalisation of the Company increased annually by 20% p.a. on a compounding basis (i.e. within each annual period shareholders have to receive a return of 20% before the participants benefit from the Plan).

At the end of the Plan, the Incentive Shares can be exchanged for new ordinary shares in Victoria, (at the then prevailing share price averaged over the month prior to exchange). While the Company has the ability to buy back Incentive Shares after 3 years (it is not anticipated that this right will be exercised), participants can only choose to exchange at the end of the full five-year period of the Plan. Customary good and bad leaver provisions will apply.

On 10 April 2018, the Group issued 73,855 I shares ('I1 Shares'). On 1 April 2019, a further 4,350 I shares were issued ('I2 Shares').

To fair value the share awards, a Monte Carlo model has been applied as this is considered the most appropriate model when TSR performance conditions exist in a share scheme. The key inputs and assumptions applied in this model for the I1 and I2 Shares respectively are set out in the table below:

Inputs and Assumptions	I1 Shares	I2 Shares
Grant date	10 April 2018	1 April 2019
Victoria Plc share price at grant	£7.31	£4.52
Expected term	5.4 years	4.4 years
Risk free rate (continuously compounded)	1.10%	0.80%
Expected dividend yield	0.0%	0.0%
Expected volatility	26.00%	30.00%

Based on this model, the aggregate fair value of the I1 and I2 Shares was assessed to be £9.8m and £0.4m respectively. The fair value of the I shares are charged to the income statement over the vesting period of the scheme, which is expected to be 5.4 years for the I1 shares and 4.4 years for the I2 shares, with a corresponding credit to equity as the charge is non-cash.

The expected volatility assumption has been determined with consideration to the historical share price volatility over a period commensurate with the expected maximum term of the I shares and the historical volatility of industry comparator companies.

In the period ended 3 April 2021, none of the I2 shares were exercisable and all of the I2 shares issued remained in place as at 3 April 2021.

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**5. Directors and employees (continued)**

The average number of employees of the Company (including directors) during the period was:

	53 weeks ended 3 April 2021 Number	52 weeks ended 28 March 2020 Number
Management	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Directors' remuneration comprised the following:

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 £'000
Emoluments	276	351
Share- based payment charge	95	186
Pension contributions	7	10
	<u>378</u>	<u>547</u>

During the period one director (2020: one) had benefits accruing under defined benefit schemes.

6. Interest payable and similar charges

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 Restated £'000
Unwinding of deferred consideration	14	18
Retranslation of consideration	49	7
Interest on intercompany loans	504	943
	<u>567</u>	<u>968</u>

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**7. Tax on loss on ordinary activities**

The tax credit is based on the loss for the period and represents:

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 £'000
UK Corporation tax	-	(146)
Tax on loss on ordinary activities	<u>-</u>	<u>(146)</u>

Tax on loss on ordinary activities

The tax assessed for the period is higher than (2020: higher than) the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

	53 weeks ended 3 April 2021 £'000	52 weeks ended 28 March 2020 Restated £'000
Loss on ordinary activities before tax	<u>(619)</u>	<u>(983)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	(118)	(187)
Expenses not deductible for tax purposes	31	41
Transfer pricing adjustments	(1)	-
Effects of group relief/other reliefs	88	-
Tax on loss on ordinary activities	<u>-</u>	<u>(146)</u>

8. Investments

Investments comprise the following:

	2021 £'000	2020 Restated £'000
Investments in subsidiaries	<u>4,694</u>	<u>4,433</u>

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**8. Investments (continued)**

At 3 April 2021, the Company had interest in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Interfloor Operations Limited	Ordinary	100%	United Kingdom	Intermediate holding company
Interfloor Limited*	Ordinary	100%	United Kingdom	Manufacture and distribution of underlay and flooring accessories
Estillon B.V.	Ordinary	100%	Netherlands	Distribution of underlay and flooring accessories
Estillon GmbH*	Ordinary	70%	Germany	Distribution of underlay and flooring accessories
Estillon Sarl*	Ordinary	100%	France	Distribution of underlay and flooring accessories
Easylay Systems Limited*	Ordinary	20%	United Kingdom	Distribution of underlay and flooring accessories
Stikatak Limited*	Ordinary	100%	United Kingdom	Non-trading
Tacktrim Limited*	Ordinary	100%	United Kingdom	Dormant

**Indirect holding*

9. Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Other Debtors	32	-
Amounts due from group undertakings	38,493	38,493
	<u>38,525</u>	<u>38,493</u>

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**10. Creditors: amounts falling due within one year**

	2021 £'000	2020 Restated £'000
Amounts owed to group undertakings	38,718	26,708
Deferred consideration	153	151
Accrued employment costs	397	156
	<u>39,268</u>	<u>27,015</u>

Interest on amounts owed to group undertakings falling due within one year is charged at nil and the loan is unsecured.

11. Creditors: amounts falling due after more than one year

	2021 £'000	2020 Restated £'000
Amounts owed to group undertakings	5,877	17,212
Deferred consideration	311	412
	<u>6,188</u>	<u>17,624</u>

Interest on amounts owed to group undertakings falling due after more than one year are charged at 4.5% and the loan is unsecured.

12. Retirement benefits**Defined contribution schemes**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £7,000 (2020: £10,000).

13. Share capital

	2021 £'000	2020 £'000
Authorised, allotted and fully paid:		
400,000 A Ordinary shares of £1 each	400	400
978,030 B Ordinary shares of £1 each	978	978
399,748 C Ordinary shares of £0.01 each	4	4
	<u>1,382</u>	<u>1,382</u>

The rights of each class of share are as follows:

Return of capital rights

On a return of capital on liquidation, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

Interfloor Group Limited

Notes to the Financial Statements For the period ended 3 April 2021

13. Share capital (continued)

- First in paying the holders of the B Ordinary Shares and C Ordinary Shares the issue price in respect of each fully paid B Ordinary Share and C Ordinary Share held;
- Second in paying to the holders of the A Ordinary Shares the issue price in respect of each paid A Ordinary Share held to the extent that it is paid up;
- Third, in paying to the holders of the B Ordinary Shares and C Ordinary Shares in respect of each B Ordinary Share and C Ordinary Share held, a sum equal to any arrears, deficiency or accruals of any dividend declared but unpaid in respect of the B Ordinary Shares and C Ordinary Shares as at the date of the return of capital;
- Fourth, in paying to the holders of the A Ordinary Shares in respect of each A Ordinary Share held, a sum equal to any arrears, deficiency or accruals of any dividend declared but unpaid in respect of the A Ordinary Shares at the date of the return of capital; and
- Fifth, in distributing the balance of assets pro rata to the holders of all the shares.

Voting rights

Every member holding either more than 50% of the A Ordinary Shares or one or more B Ordinary Shares or C Ordinary Shares shall have one vote and on a poll shall have one vote for each A Ordinary Share, B Ordinary Share or C Ordinary Share held. Any holders with less than 50% of the A Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meeting of the Company but shall not be entitled to vote on any business at a general meeting, save on any resolution which has the effect of varying the rights and restrictions attached to the B Ordinary Shares and C Ordinary Shares respectively.

Rights to individuals

Any profits which the Directors may lawfully determine to distribute in respect of any financial period shall be distributed amongst the holders of the Shares pro rata according to the number of shares held.

14. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserve – relate to share-based payment charges, see Note 5

Profit and loss account – includes all current and prior period retained profits and losses.

15. Related party disclosures

Transactions with group companies

As permitted by FRS 101 related party transactions with wholly owned members of the Victoria Plc group have not been disclosed.

Interfloor Group Limited

Notes to the Financial Statements *For the period ended 3 April 2021*

16. Ultimate parent company and control

The Company is controlled by its immediate parent company Victoria Midco Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Victoria Plc, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company Victoria Plc. The consolidated accounts of Victoria Plc are available from www.victoriapl.com and are available from Companies House.

17. Prior period adjustment

The prior period income statement, balance sheet and related other statements and notes have been re-stated to reflect a change in accounting treatment of the contingent earn-out consideration payable on a past acquisition. Earn-outs are deferred elements of consideration, typically paid in cash over a three to four-year period following acquisition, that are contingent on the financial performance of the target business meeting certain pre-determined targets over that period.

Whilst earn-outs form part of the purchase price that was negotiated in the past with the seller, and are contractually payments in exchange for the shares or assets of a business, on review of developing and developed guidance regarding interpretation of the relevant standards (including revisiting our assessment of IFRS Interpretations Committee decision “IFRS 3 Business Combinations—Continuing employment”) the Company has remedied the accounting treatment of these items where leaver provisions exist that result in the earn-out effectively being contingent on the continued employment of the seller(s) following the acquisition. This is relevant where the leaver provisions included in the acquisition agreement result in a “good leaver” scenario being highly unlikely or outside the control of the seller (a good leaver scenario is where the seller is able to leave employment but still retain all or a proportion of their unpaid earn-out).

Such leaver provisions are included in our acquisitions in order to protect the investment being acquired over the first few years of ownership. However, in accordance with the IFRS interpretation noted above, in such circumstances the relevant earn-outs are now being treated as non-underlying remuneration costs, accrued over the earn-out period (i.e. the period over which the effective employment condition is applicable). Previously they were fully recognised at fair value at the point of acquisition, thereby forming part of the investment carrying value.

The historical acquisition that has been impacted by this restatement is Estillon B.V., acquired in November 2019.

Consequently, the FY20 results, have been restated in these financial statements to reflect a decrease in investment corresponding to the fair value initially recognised for the relevant earn-outs on these acquisitions (subject to subsequent exchange rate movements where applicable).

Interfloor Group Limited**Notes to the Financial Statements**
For the period ended 3 April 2021**17. Prior period adjustment (continued)****Balance Sheet**
At 28 March 2020

	Previous Basis £'000	Impact of restatement £'000	Restated £'000
Fixed assets			
Investments	5,487	(1,054)	4,433
	<u>5,487</u>	<u>(1,054)</u>	<u>4,433</u>
Current assets			
Debtors: amounts falling due within one year	38,493	-	38,493
	<u>38,493</u>	<u>-</u>	<u>38,493</u>
Creditors: amounts falling due within one year	(27,222)	207	(27,015)
	<u>(27,222)</u>	<u>207</u>	<u>(27,015)</u>
Net current assets	11,271	207	11,478
	<u>11,271</u>	<u>207</u>	<u>11,478</u>
Total assets less current liabilities	16,758	(847)	15,911
	<u>16,758</u>	<u>(847)</u>	<u>15,911</u>
Creditors: amounts falling due after more than one year	(18,532)	908	(17,624)
	<u>(18,532)</u>	<u>908</u>	<u>(17,624)</u>
Net liabilities	(1,774)	61	(1,713)
	<u>(1,774)</u>	<u>61</u>	<u>(1,713)</u>
Capital and reserves			
Called up share capital	1,382	-	1,382
Share premium account	198	-	198
Other reserve	186	-	186
Profit and loss account	(3,540)	61	(3,479)
Shareholders' funds	(1,774)	61	(1,713)
	<u>(1,774)</u>	<u>61</u>	<u>(1,713)</u>

The impact on the FY20 income statement is the removal of a net financial cost representing the fair value adjustments to the previously recognised earn-out liabilities, including the unwinding of present value discounting, the inclusion of the above mentioned non-underlying remuneration costs, and the inclusion of an adjustment to the non-current portion of the new 'acquisition-related performance plan liability', which represents the unwinding of present value discounting on that item. No directors' remuneration has had to be recognised as a result of the prior period adjustment as the directors continue to be employed by the acquired entity.

Interfloor Group Limited

Notes to the Financial Statements
For the period ended 3 April 2021

17. Prior period adjustment (continued)

Statement of Comprehensive Income
For the period ended 28 March 2020

	52 weeks ended 28 March 2020		
	Previous basis £'000	Impact or restatement £'000	Restated £'000
Turnover	614	-	614
Administrative expenses	(629)	-	(629)
Operating loss	(15)	-	(15)
Interest payable and similar charges	(1,029)	61	(968)
Loss on ordinary activities before taxation	(1,044)	61	(983)
Tax on loss on ordinary activities	146	-	146
Total comprehensive expense for the financial period	(898)	61	(837)

The restatement has no impact on capital expenditure, depreciation or amortisation.