

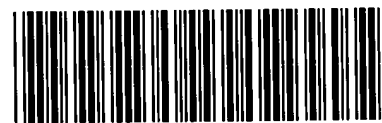
Registration number: 06022429

# Tileflair Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

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# **Tileflair Group Limited**

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## **Tileflair Group Limited**

### **Company Information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | P J Broadhurst<br>L R Broadhurst<br>M T L Johnson<br>D A Brown                |
| <b>Registered office</b> | Highwood Lane<br>Cribbs Causeway<br>Bristol<br>BS34 5TQ                       |
| <b>Auditors</b>          | Milsted Langdon LLP<br>Freshford House<br>Redcliffe Way<br>Bristol<br>BS1 6NL |

## **Tileflair Group Limited**

### **Strategic Report for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

#### **Principal activity**

The principal activity of the group is the retail and distribution of ceramic wall and floor tiles and associated products

#### **Fair review of the business**

The group's turnover year on year fell to £10,454,837 in 2020, a reduction of £2,345,645 to the turnover in 2019 of £12,800,482. Trading conditions were impacted following the emergence of the global Coronavirus pandemic "COVID-19" and the Government lockdown measures.

The directors continue to closely monitor the KPI's and are constantly looking for ways to improve performance.

The directors are pleased with the performance given the unprecedented nature of COVID-19. A strong bounce back in business was experienced after the first lockdown with underlying trade remaining strong with housebuilders and online sales doing particularly well. Despite the fall in turnover, our results shown an operating profit comparable to the two previous years. Now the lockdown rules are being eased, the directors anticipate a robust return to normality supported by the newer branches which continue to establish themselves.

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

|                                  | <b>Unit</b> | <b>2020</b> | <b>2019</b> |
|----------------------------------|-------------|-------------|-------------|
| Return on capital invested       | %           | 3.45        | 5.33        |
| Fixed assets to capital employed | %           | 259.87      | 284.28      |
| Current ratio                    |             | 1.23        | .86         |
| Quick ratio                      |             | .81         | .38         |

The market in which the group operates is highly competitive which can result in downward pressure on margins. The group operates a policy of price monitoring and ongoing market research to protect its position.

The group has a number of fixed overheads and the nature of the revenue received is variable. Therefore fixed costs are monitored quarterly against budgets and where it is thought necessary, measures are taken to control cost levels.

#### **Objectives and policies**

The group is exposed to price risk, credit risk, liquidity and cashflow risk. Appropriate policies have been developed and implemented to identify, evaluate and manage key risks and the directors review risk management strategies regularly.

The group is constantly looking for ways to expand its market offering and for different ways to market and strives to ensure that its outlets provide the highest levels of customer service which will put the company well placed to take advantage of any opportunities that may arise.

## **Tileflair Group Limited**

### **Strategic Report for the Year Ended 31 December 2020**

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

Price risk - the group is exposed to price risk as a result of its operations. However sales prices are constantly reviewed and agreed by management to ensure sales prices reflect any fluctuating prices within the market place.

Credit risk - before sales are made, appropriate credit checks are made on potential customers. The majority are established customers of the group, therefore the credit risk on an individual customer is limited.

Liquidity and cash flow risk - the group's exposure to liquidity risk is minimal and the group has adequate net current assets.

#### **Market and COVID-19**

Following the outbreak of COVID-19 and the economic impact of the worldwide pandemic, the directors have reviewed and stress tested budgets and forecasts to assess the effect on the group.

Following a review of the group's performance to date in 2021, the directors believe that the group will generate similar results to 2020, although this is subject to a degree of uncertainty. The group has continued to use the Government schemes available to it to reduce the economic impact of the current pandemic.

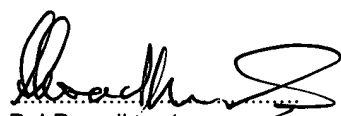
All stores continue to trade at a level ahead of our budgets and the board is confident the measures taken throughout the pandemic have ensured the group has sufficient working capital to operate for the foreseeable future, and have put it in a position to manage the impact on the market of COVID-19.

#### **Outlook**

The directors do not foresee any material changes in the principal activities of the group however as explained above it is anticipating a reduction in revenue and profitability in 2020 due to the COVID-19 pandemic and resulting store closures during lockdown.

By taking advantage of the support packages available and managing costs in line with revenue, the directors are confident the group can continue to trade for the foreseeable future.

Approved by the Board on 14.05.21 and signed on its behalf by:



P J Broadhurst  
Director

## **Tileflair Group Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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

#### **Directors of the group**

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

P J Broadhurst

L R Broadhurst

M T L Johnson

D A Brown

#### **Results and dividends**

The results for the year are set out on page 10.

Ordinary dividends were paid during the year of £40,000 (2019 - £Nil). The directors do not recommend payment of a final dividend (2019 - £Nil).

#### **Financial instruments**

The group has procedures to identify risk and protect and manage the group from events that may hinder its financial performance objectives. The objectives aim to limit counterparty exposure, ensure sufficient working capital exists and monitor risk and manage it at a business unit level. The group does not consider it necessary to employ derivatives such as forward currency contracts to manage risk based on the group's current activities.

#### **Disclosure of information to the auditor**

Each 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

The auditors Milsted Langdon LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 14.05.21 and signed on its behalf by:



P J Broadhurst  
Director

## **Tileflair Group Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Tileflair Group Limited**

### **Independent Auditor's Report to the Members of Tileflair Group Limited**

#### **Opinion**

We have audited the financial statements of Tileflair Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Other information**

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

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

We have nothing to report in this regard.



## **Tileflair Group Limited**

### **Independent Auditor's Report to the Members of Tileflair Group Limited**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Conclusions relating to going concern**

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.

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 original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Tileflair Group Limited**

### **Independent Auditor's Report to the Members of Tileflair Group Limited**

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

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

In planning and designing our audit tests, we identify and assess the risks of material misstatements, whether due to fraud or error. Our assessment of these risks includes the following:

- the nature of the industry and sector, control environment and business performance including the key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having made enquiries of management about their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group and parent company operates in, through discussions with the directors, and from our commercial knowledge and experience of the sector in which the group and the parent company operates, to enable us to identify the key laws and regulations applicable to the group and the parent company. We focused on specific laws and regulations which we considered may have a direct material effect on the financial statement or the operations of the group and the parent company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

As a result of performing the above our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- reviewing correspondence with HMRC, and the group and parent company's legal advisors;
- reading minutes of meetings of those charged with governance;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

## **Tileflair Group Limited**

### **Independent Auditor's Report to the Members of Tileflair Group Limited**

- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### **Use of our report**

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

*Milsted Langdon LLP*

Andrew J Jordan (Senior Statutory Auditor)

For and on behalf of Milsted Langdon LLP, Statutory Auditors

Freshford House  
Redcliffe Way  
Bristol  
BS1 6NL

Date: 23-05-21...

## Tileflair Group Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2020

|  | Note | 2020<br>£          | 2019<br>£          |
|--|------|--------------------|--------------------|
| Turnover                                     | 3    | 10,454,837         | 12,800,482         |
| Cost of sales                                |      | <u>(7,923,443)</u> | <u>(9,208,918)</u> |
| Gross profit                                 |      | 2,531,394          | 3,591,564          |
| Distribution costs                           |      | (139,179)          | (200,310)          |
| Administrative expenses                      |      | (2,716,341)        | (3,134,126)        |
| Other operating income                       | 4    | <u>533,305</u>     | <u>20,349</u>      |
| Operating profit                             | 6    | <u>209,179</u>     | <u>277,477</u>     |
| Other interest receivable and similar income | 7    | 575                | 561                |
| Interest payable and similar expenses        | 8    | <u>(71,952)</u>    | <u>(87,142)</u>    |
|  |      | <u>(71,377)</u>    | <u>(86,581)</u>    |
| Profit before tax                            |      | 137,802            | 190,896            |
| Taxation                                     | 12   | <u>(78,599)</u>    | <u>(113,068)</u>   |
| Profit for the financial year                |      | <u>59,203</u>      | <u>77,828</u>      |
| <b>Profit attributable to:</b>               |      |                    |                    |
| Owners of the company                        |      | <u>59,203</u>      | <u>77,828</u>      |

The profit for this and the preceding year is derived from the group's continuing operations.

**Tileflair Group Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31  
December 2020**

|   | <b>2020</b>    | <b>2019</b>     |
|---|----------------|-----------------|
|   | <b>£</b>       | <b>£</b>        |
| Profit for the year                                     | 59,203         | 77,828          |
| Deferred tax movement on revaluation of tangible assets | <u>(3,567)</u> | <u>(30,315)</u> |
| Total comprehensive income for the year                 | <u>55,636</u>  | <u>47,513</u>   |
| <b>Total comprehensive income attributable to:</b>      |                |                 |
| Owners of the company                                   | <u>55,636</u>  | <u>47,513</u>   |

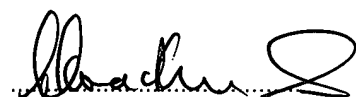
# Tileflair Group Limited

(Registration number: 06022429)

## Consolidated Balance Sheet as at 31 December 2020

|  | Note | 2020<br>£          | 2019<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>  |      |                    |                    |
| Intangible assets  | 13   | 1,390,255          | 1,622,022          |
| Tangible assets  | 14   | 3,523,325          | 3,732,095          |
| Investment property  | 15   | 250,000            | 250,000            |
| Other financial assets   | 17   | 840                | 840                |
|  |      | <u>5,164,420</u>   | <u>5,604,957</u>   |
| <b>Current assets</b>  |      |                    |                    |
| Stocks   | 18   | 1,361,599          | 1,357,245          |
| Debtors  | 19   | 883,112            | 948,485            |
| Cash at bank and in hand                                       | 20   | 2,252,843          | 122,424            |
|  |      | <u>4,497,554</u>   | <u>2,428,154</u>   |
| <b>Creditors: Amounts falling due within one year</b>          | 21   | <u>(3,607,066)</u> | <u>(2,824,783)</u> |
| <b>Net current assets/(liabilities)</b>                        |      | <u>890,488</u>     | <u>(396,629)</u>   |
| <b>Total assets less current liabilities</b>                   |      | 6,054,908          | 5,208,328          |
| <b>Creditors: Amounts falling due after more than one year</b> | 21   | (3,958,238)        | (3,108,984)        |
| <b>Provisions for liabilities</b>                              | 22   | <u>(109,369)</u>   | <u>(127,679)</u>   |
| <b>Net assets</b>  |      | <u>1,987,301</u>   | <u>1,971,665</u>   |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 24   | 320,000            | 320,000            |
| Capital redemption reserve                                     |      | 11,904             | 11,904             |
| Revaluation reserve  |      | 1,399,906          | 1,413,906          |
| Profit and loss account  |      | <u>255,491</u>     | <u>225,855</u>     |
| Equity attributable to owners of the company                   |      | <u>1,987,301</u>   | <u>1,971,665</u>   |
| <b>Total equity</b>  |      | <u>1,987,301</u>   | <u>1,971,665</u>   |

Approved and authorised by the Board on 14.05.21 and signed on its behalf by:



P J Broadhurst  
Director

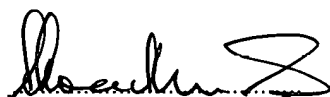
The notes on pages 17 to 37 form an integral part of these financial statements.

**Tileflair Group Limited**  
**(Registration number: 06022429)**  
**Balance Sheet as at 31 December 2020**

|  | Note | 2020<br>£          | 2019<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>  |      |                    |                    |
| Investments  | 16   | 7,688,518          | 7,688,518          |
| <b>Current assets</b>  |      |                    |                    |
| Debtors  | 19   | 9                  | 9                  |
| Cash at bank and in hand                                       | 20   | <u>52</u>          | <u>52</u>          |
|  |      | 61                 | 61                 |
| <b>Creditors: Amounts falling due within one year</b>          | 21   | <u>(5,598,848)</u> | <u>(5,530,844)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(5,598,787)</u> | <u>(5,530,783)</u> |
| <b>Total assets less current liabilities</b>                   |      | 2,089,731          | 2,157,735          |
| <b>Creditors: Amounts falling due after more than one year</b> | 21   | <u>(1,598,723)</u> | <u>(1,598,723)</u> |
| <b>Net assets</b>  |      | <u>491,008</u>     | <u>559,012</u>     |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 24   | 320,000            | 320,000            |
| Profit and loss account  |      | <u>171,008</u>     | <u>239,012</u>     |
| <b>Total equity</b>  |      | <u>491,008</u>     | <u>559,012</u>     |

The company made a loss after tax for the financial year of £28,004 (2019 - £87,142).

Approved and authorised by the Board on ~~14.05.21~~ and signed on its behalf by:



P J Broadhurst  
Director

**Tileflair Group Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020**  
**Equity attributable to the parent company**

|                            | Share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total     | Total equity |
|----------------------------|---------------|----------------------------|---------------------|-------------------------|-----------|--------------|
|                            | £             | £                          | £                   | £                       | £         | £            |
| At 1 January 2020          | 320,000       | 11,904                     | 1,413,906           | 225,855                 | 1,971,665 | 1,971,665    |
| Profit for the year        | -             | -                          | -                   | 59,203                  | 59,203    | 59,203       |
| Other comprehensive income | -             | -                          | (3,567)             | -                       | (3,567)   | (3,567)      |
| Total comprehensive income | -             | -                          | (3,567)             | 59,203                  | 55,636    | 55,636       |
| Dividends                  | -             | -                          | -                   | (40,000)                | (40,000)  | (40,000)     |
| Transfers                  | -             | -                          | (10,433)            | 10,433                  | -         | -            |
| At 31 December 2020        | 320,000       | 11,904                     | 1,399,906           | 255,491                 | 1,987,301 | 1,987,301    |
|                            | Share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total     | Total equity |
|                            | £             | £                          | £                   | £                       | £         | £            |
| At 1 January 2019          | 320,000       | 11,904                     | 1,454,784           | 137,464                 | 1,924,152 | 1,924,152    |
| Profit for the year        | -             | -                          | -                   | 77,828                  | 77,828    | 77,828       |
| Other comprehensive income | -             | -                          | (30,315)            | -                       | (30,315)  | (30,315)     |
| Total comprehensive income | -             | -                          | (30,315)            | 77,828                  | 47,513    | 47,513       |
| Transfers                  | -             | -                          | (10,563)            | 10,563                  | -         | -            |
| At 31 December 2019        | 320,000       | 11,904                     | 1,413,906           | 225,855                 | 1,971,665 | 1,971,665    |

The notes on pages 17 to 37 form an integral part of these financial statements.  
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## Tileflair Group Limited

### Statement of Changes in Equity for the Year Ended 31 December 2020

|                            | Share capital<br>£ | Profit and<br>loss account<br>£ | Total<br>£      |
|----------------------------|--------------------|---------------------------------|-----------------|
| At 1 January 2020          | 320,000            | 239,012                         | 559,012         |
| Loss for the year          | <u>-</u>           | <u>(28,004)</u>                 | <u>(28,004)</u> |
| Total comprehensive income | -                  | (28,004)                        | (28,004)        |
| Dividends                  | <u>-</u>           | <u>(40,000)</u>                 | <u>(40,000)</u> |
| At 31 December 2020        | <u>320,000</u>     | <u>171,008</u>                  | <u>491,008</u>  |
|                            | Share capital<br>£ | Profit and<br>loss account<br>£ | Total<br>£      |
| At 1 January 2019          | 320,000            | 326,154                         | 646,154         |
| Loss for the year          | <u>-</u>           | <u>(87,142)</u>                 | <u>(87,142)</u> |
| Total comprehensive income | -                  | (87,142)                        | (87,142)        |
| At 31 December 2019        | <u>320,000</u>     | <u>239,012</u>                  | <u>559,012</u>  |

## Tileflair Group Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

|  | Note | 2020<br>£               | 2019<br>£             |
|--|------|-------------------------|-----------------------|
| <b>Cash flows from operating activities</b>          |      |                         |                       |
| Profit for the year                                  |      | 59,203                  | 77,828                |
| Adjustments to cash flows from non-cash items        |      |                         |                       |
| Depreciation and amortisation                        | 6    | 450,006                 | 507,990               |
| Loss/(profit) on disposal of tangible assets         | 5    | 1,466                   | (1,246)               |
| Finance income                                       | 7    | (575)                   | (561)                 |
| Finance costs  | 8    | 71,952                  | 87,142                |
| Corporation tax expense                              | 12   | 78,599                  | 113,068               |
|  |      | <u>660,651</u>          | <u>784,221</u>        |
| Working capital adjustments                          |      |                         |                       |
| Increase in stocks                                   | 18   | (4,354)                 | (39,904)              |
| Decrease in trade debtors                            | 19   | 65,373                  | 104,238               |
| Increase/(decrease) in trade creditors               | 21   | 484,815                 | (383,321)             |
| Cash generated from operations                       |      | 1,206,485               | 465,234               |
| Corporation taxes paid                               |      | <u>(82,626)</u>         | <u>(68,499)</u>       |
| Net cash flow from operating activities              |      | <u>1,123,859</u>        | <u>396,735</u>        |
| <b>Cash flows from investing activities</b>          |      |                         |                       |
| Interest received                                    | 7    | 575                     | 561                   |
| Acquisitions of tangible assets                      | 14   | (27,948)                | (301,279)             |
| Proceeds from sale of tangible assets                |      | <u>17,013</u>           | <u>31,972</u>         |
| Net cash flows from investing activities             |      | <u>(10,360)</u>         | <u>(268,746)</u>      |
| <b>Cash flows from financing activities</b>          |      |                         |                       |
| Interest paid  | 8    | (71,952)                | (87,142)              |
| Net cash inflows/(outflows) of other borrowings      |      | 1,150,000               | (99,999)              |
| Payments to finance lease creditors                  |      | (21,128)                | (24,835)              |
| Dividends paid                                       |      | <u>(40,000)</u>         | <u>-</u>              |
| Net cash flows from financing activities             | 27   | <u>1,016,920</u>        | <u>(211,976)</u>      |
| Net increase/(decrease) in cash and cash equivalents |      | 2,130,419               | (83,987)              |
| Cash and cash equivalents at 1 January               |      | <u>122,424</u>          | <u>206,411</u>        |
| Cash and cash equivalents at 31 December             | 20   | <u><u>2,252,843</u></u> | <u><u>122,424</u></u> |

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemptions available under FRS 102 paragraph 1.12(b) not to present the company Statement of Cash Flows.

## **Tileflair Group 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 England & Wales.

The address of its registered office is:

Highwood Lane  
Cribbs Causeway  
Bristol  
BS34 5TQ

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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'.

The financial statements are prepared in sterling, which is the functional currency of the group and the parent company. Monetary amounts within the financial statements are rounded to the nearest £.

##### **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.

##### **Summary of disclosure exemptions**

As permitted by s408 of Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £28,004 (2019 - £87,142).

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

A subsidiary is an entity controlled by the group. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Going concern**

In light of the rapid global spread of the Coronavirus "COVID-19" in early 2020, the directors have continued to assess the impact and have reviewed and stress tested projections and budgets for the next twelve months. Following this review, the directors consider that although the group has been adversely impacted by the Government's lockdown measures, the group is able to continue as a going concern.

Given the uncertainty and continued development of COVID-19, there is doubt as to when the group will be able to fully return to normal trading conditions and will monitor performance closely to identify whether any further action becomes necessary to protect the business. The directors have reviewed the group's supply chains, key customers and capital resources. During the year the group had a £1.2m loan approved under the Government backed Coronavirus Business Interruption Loan Scheme (CBILs) which will provide additional working capital to enable the business to continue to trade.

Based on the information available to the directors at the date of approval, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements and that the group has adequate resources to continue to trade for the foreseeable future being 12 months from approval of these financial statements.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the group's activities. Turnover is shown net of Value Added Tax, returns, rebates and discounts.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- all of the significant risks and rewards of ownership have been transferred to the customer;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities.

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Finance income and costs policy**

Interest income and expenses are recognised using the effective interest rate method.

#### **Government grants**

Government grants are recognised using the accrual model. Where the costs have already been incurred then the grant is credited to the profit and loss account.

#### **Foreign currency transactions and balances**

Transactions in currencies other than the presentational currency of these financial statements are recorded at the prevailing exchange rate on the date of the transaction. At each reporting end date, assets and liabilities recorded in foreign currency are retranslated at the prevailing exchange rate on the reporting end date. Any gains or losses arising on retranslation are recognised in the profit and loss account.

#### **Tax**

The tax expense for the period comprises current 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 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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated 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 other 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.

Deferred and current taxation assets or liabilities are not discounted.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| <b>Asset class</b>               | <b>Depreciation method and rate</b> |
|----------------------------------|-------------------------------------|
| Freehold land and buildings      | 2.5% reducing balance               |
| Leasehold land and buildings     | Over the term of the lease          |
| Leasehold improvements           | 20 - 33% straight line              |
| Fixtures, fittings and equipment | 20 - 30% straight line              |
| Computer equipment               | 25 - 50% straight line              |
| Motor vehicles                   | 30% reducing balance                |
| Commercial vehicles              | 20% straight line                   |

#### **Investment property**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Amortisation**

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

| <b>Asset class</b> | <b>Amortisation method and rate</b> |
|--------------------|-------------------------------------|
| Goodwill           | 20 years straight line              |

#### **Investments**

Investments in equity shares are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

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

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 complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **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 profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, 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.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.



## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Financial instruments**

##### ***Recognition and measurement***

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the group's profit and loss account when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Having given due consideration to estimates and assumptions that form part of the carrying amounts of assets and liabilities within the financial statements, the directors are of the opinion that significant judgements relate to the valuation of the investment property, valuation of stock and recoverability of debtors, the accounting policies for which are shown above.

Furthermore the directors believe that lease dilapidations are an area of judgement significant to the financial statements, but do not consider the potential effect material.

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

|               | 2020<br>£         | 2019<br>£         |
|---------------|-------------------|-------------------|
| Sale of goods | <u>10,454,837</u> | <u>12,800,482</u> |

The analysis of the group's turnover for the year by market is as follows:

|                | 2020<br>£         | 2019<br>£         |
|----------------|-------------------|-------------------|
| UK             | 10,339,281        | 12,702,921        |
| Outside the UK | <u>115,556</u>    | <u>97,561</u>     |
|                | <u>10,454,837</u> | <u>12,800,482</u> |

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

|                        | 2020<br>£      | 2019<br>£     |
|------------------------|----------------|---------------|
| Government grants      | 517,954        | -             |
| Rental income          | 15,000         | 20,000        |
| Other operating income | <u>351</u>     | <u>349</u>    |
|                        | <u>533,305</u> | <u>20,349</u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

|   | 2020<br>£      | 2019<br>£    |
|---|----------------|--------------|
| Profit on disposal of property, plant and equipment | <u>(1,466)</u> | <u>1,246</u> |

#### 6 Operating profit

Arrived at after charging/(crediting)

|  | 2020<br>£    | 2019<br>£      |
|--|--------------|----------------|
| Depreciation expense                                       | 218,239      | 276,273        |
| Amortisation expense                                       | 231,767      | 231,717        |
| Operating lease expense                                    | 727,211      | 757,049        |
| Loss/(profit) on disposal of property, plant and equipment | <u>1,466</u> | <u>(1,246)</u> |

#### 7 Other interest receivable and similar income

|                                  | 2020<br>£  | 2019<br>£  |
|----------------------------------|------------|------------|
| Interest income on bank deposits | <u>575</u> | <u>561</u> |

#### 8 Interest payable and similar expenses

|   | 2020<br>£     | 2019<br>£     |
|---|---------------|---------------|
| Interest on bank borrowings                   | 35,836        | 43,965        |
| Interest expense on other finance liabilities | <u>36,116</u> | <u>43,177</u> |
|   | <u>71,952</u> | <u>87,142</u> |

#### 9 Staff costs

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

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| Wages and salaries                         | 2,395,679        | 2,336,954        |
| Social security costs                      | 232,125          | 233,142          |
| Other short-term employee benefits         | 23,693           | 27,290           |
| Pension costs, defined contribution scheme | 73,911           | 68,095           |
| Other employee expense                     | <u>15,750</u>    | <u>24,320</u>    |
|  | <u>2,741,158</u> | <u>2,689,801</u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

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

|                                   | 2020<br>No. | 2019<br>No. |
|-----------------------------------|-------------|-------------|
| Sales, administration and support | 84          | 86          |
| Directors                         | 4           | 4           |
|                                   | <u>88</u>   | <u>90</u>   |

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| Remuneration                                 | 222,796        | 253,249        |
| Contributions paid to money purchase schemes | 5,795          | 5,800          |
|  | <u>228,591</u> | <u>259,049</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows:

|   | 2020<br>No. | 2019<br>No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme | <u>2</u>    | <u>2</u>    |

In respect of the highest paid director:

|   | 2020<br>£    | 2019<br>£    |
|---|--------------|--------------|
| Remuneration                                    | 94,596       | 112,984      |
| Contributions to money purchase pension schemes | <u>3,196</u> | <u>3,200</u> |

#### 11 Auditors' remuneration

|   | 2020<br>£     | 2019<br>£     |
|---|---------------|---------------|
| Audit of the financial statements and consolidation | <u>12,975</u> | <u>12,250</u> |
| <b>Other fees to auditors</b>                       |               |               |
| All other non-audit services                        | <u>4,465</u>  | <u>3,000</u>  |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 12 Taxation

Tax charge in the profit and loss account

|   | 2020<br>£            | 2019<br>£             |
|---|----------------------|-----------------------|
| <b>Current taxation</b>                                     |                      |                       |
| UK corporation tax  | 100,476              | 82,626                |
| <b>Deferred taxation</b>                                    |                      |                       |
| Arising from origination and reversal of timing differences | <u>(21,877)</u>      | <u>30,442</u>         |
| Tax expense in the profit and loss account                  | <u><u>78,599</u></u> | <u><u>113,068</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%).

The differences are reconciled below:

|   | 2020<br>£            | 2019<br>£             |
|---|----------------------|-----------------------|
| Profit before tax   | <u>137,802</u>       | <u>190,896</u>        |
| Corporation tax at standard rate  | 26,182               | 36,270                |
| Tax increase from effect of capital allowances and depreciation                         | 33,328               | 29,853                |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>19,089</u>        | <u>46,945</u>         |
| Total tax charge  | <u><u>78,599</u></u> | <u><u>113,068</u></u> |

#### Deferred tax

#### Group

Tax relating to items recognised in other comprehensive income or equity - group

|  | 2020<br>£             | 2019<br>£              |
|--|-----------------------|------------------------|
| Deferred tax related to items recognised as items of other comprehensive income: |                       |                        |
| Revaluation of property  | <u><u>(3,567)</u></u> | <u><u>(30,315)</u></u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 13 Intangible assets

##### Group

|                          | Goodwill<br>£    | Total<br>£       |
|--------------------------|------------------|------------------|
| <b>Cost or valuation</b> |                  |                  |
| At 1 January 2020        | <u>4,634,344</u> | <u>4,634,344</u> |
| At 31 December 2020      | <u>4,634,344</u> | <u>4,634,344</u> |
| <b>Amortisation</b>      |                  |                  |
| At 1 January 2020        | 3,012,322        | 3,012,322        |
| Amortisation charge      | <u>231,767</u>   | <u>231,767</u>   |
| At 31 December 2020      | <u>3,244,089</u> | <u>3,244,089</u> |
| <b>Carrying amount</b>   |                  |                  |
| At 31 December 2020      | <u>1,390,255</u> | <u>1,390,255</u> |
| At 31 December 2019      | <u>1,622,022</u> | <u>1,622,022</u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 14 Tangible assets

##### Group

|                          | Land and<br>buildings<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|--------------------------|----------------------------|--|------------------------|------------------|
| <b>Cost or valuation</b> |                            |  |                        |                  |
| At 1 January 2020        | 4,218,504                  | 1,908,526                                    | 209,885                | 6,336,915        |
| Additions                | -                          | 15,123                                       | 12,825                 | 27,948           |
| Disposals                | (3,263)                    | -  | (51,199)               | (54,462)         |
| At 31 December 2020      | <u>4,215,241</u>           | <u>1,923,649</u>                             | <u>171,511</u>         | <u>6,310,401</u> |
| <b>Depreciation</b>      |                            |  |                        |                  |
| At 1 January 2020        | 790,552                    | 1,693,308                                    | 120,960                | 2,604,820        |
| Charge for the year      | 104,532                    | 87,053                                       | 26,654                 | 218,239          |
| Eliminated on disposal   | -                          | -  | (35,983)               | (35,983)         |
| At 31 December 2020      | <u>895,084</u>             | <u>1,780,361</u>                             | <u>111,631</u>         | <u>2,787,076</u> |
| <b>Carrying amount</b>   |                            |  |                        |                  |
| At 31 December 2020      | <u>3,320,157</u>           | <u>143,288</u>                               | <u>59,880</u>          | <u>3,523,325</u> |
| At 31 December 2019      | <u>3,427,952</u>           | <u>215,218</u>                               | <u>88,925</u>          | <u>3,732,095</u> |

Included within the net book value of land and buildings above is £286,149 (2019 - £293,472) in respect of freehold land and buildings and £3,051,003 (2019 - £3,134,480) in respect of long leasehold land and buildings.

#### Revaluation

The fair value of the group's land and buildings was revalued on 31 December 2012 by an independent valuer. On transition to FRS 102 the valuation was taken as deemed cost.

The valuation advice was prepared in accordance with the RICS valuation - Professional Standards incorporating the International Valuation Standards Global and UK edition (March 2012).

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £2,057,366 (2019 - £2,062,592).

#### Restriction on title and pledged as security

Freehold property with a carrying amount of £286,149 (2019 - £293,472) has been pledged as security for the bank loan held during the year.

Long leasehold property with a carrying amount of £2,809,578 (2019 - £2,832,236) has been pledged as security for the bank loan held during the year.

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 15 Investment properties

##### Group

|                              |                |
|------------------------------|----------------|
|                              | <b>2020</b>    |
|                              | <b>£</b>       |
| At 1 January and 31 December | <u>250,000</u> |

The freehold investment property held is included at fair value as determined by the directors' valuation based on similar properties.

The investment property has been pledged as security for the bank loan held during the year.

#### 16 Investments

##### Group

##### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking              | Registered office  | Holding  | Proportion of voting rights and shares held |      |
|--------------------------|--|----------|---|------|
|                          |  |          | 2020  | 2019 |
| Subsidiary undertakings  |  |          |   |      |
| Tileflair Tiles Limited* | Highwood Lane<br>Cribbs Causeway<br>Bristol<br>BS34 5TQ<br>England | Ordinary | 100%  | 100% |
| Tileflair Limited        | Highwood Lane<br>Cribbs Causeway<br>Bristol<br>BS34 5TQ<br>England | Ordinary | 100%  | 100% |
| KDP Tiles Limited        | Highwood Lane<br>Cribbs Causeway<br>Bristol<br>BS34 5TQ<br>England | Ordinary | 100%  | 100% |

\* indicates direct investment of the company



## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Subsidiary undertakings

##### *Tileflair Tiles Limited*

The principal activity of Tileflair Tiles Limited is that of a intermediate holding company.

##### *Tileflair Limited*

The principal activity of Tileflair Limited is the retail and distribution of ceramic wall and floor tiles.

##### *KDP Tiles Limited*

The principal activity of KDP Tiles Limited is that of a dormant company.

#### Company

|                             | 2020<br>£        | 2019<br>£        |
|-----------------------------|------------------|------------------|
| Investments in subsidiaries | <u>7,688,518</u> | <u>7,688,518</u> |
| <b>Subsidiaries</b>         |                  | £                |
| <b>Cost or valuation</b>    |                  |                  |
| At 1 January 2020           |                  | <u>7,688,518</u> |
| <b>Carrying amount</b>      |                  |                  |
| At 31 December 2020         |                  | <u>7,688,518</u> |
| At 31 December 2019         |                  | <u>7,688,518</u> |

#### 17 Other financial assets

##### Group

|                                     | Financial<br>assets at<br>cost less<br>impairment<br>£ | Total<br>£ |
|-------------------------------------|--|------------|
| <b>Non-current financial assets</b> |  |            |
| <b>Cost or valuation</b>            |  |            |
| At 1 January 2020                   | <u>840</u>   | <u>840</u> |
| At 31 December 2020                 | <u>840</u>   | <u>840</u> |
| <b>Carrying amount</b>              |  |            |
| 1 January and 31 December 2020      | <u>840</u>   | <u>840</u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 18 Stocks

|                  | Group     |           | Company |      |
|------------------|-----------|-----------|---------|------|
|                  | 2020      | 2019      | 2020    | 2019 |
|                  | £         | £         | £       | £    |
| Goods for resale | 1,361,599 | 1,357,245 | -       | -    |

Stocks are stated after provision for impairment of £107,801 (2019 - £124,308).

#### 19 Debtors

|               | Group          |                | Company  |          |
|---------------|----------------|----------------|----------|----------|
|               | 2020           | 2019           | 2020     | 2019     |
|               | £              | £              | £        | £        |
| Trade debtors | 595,333        | 558,736        | -        | -        |
| Other debtors | 11,438         | 2,902          | 9        | 9        |
| Prepayments   | 276,341        | 386,847        | -        | -        |
|               | <u>883,112</u> | <u>948,485</u> | <u>9</u> | <u>9</u> |

#### Group

Trade debtors are stated after the provision for impairment of £11,223 (2019 - £29,331).

#### 20 Cash and cash equivalents

|              | Group            |                | Company   |           |
|--------------|------------------|----------------|-----------|-----------|
|              | 2020             | 2019           | 2020      | 2019      |
|              | £                | £              | £         | £         |
| Cash on hand | 3,339            | 4,474          | -         | -         |
| Cash at bank | 2,249,504        | 117,950        | 52        | 52        |
|              | <u>2,252,843</u> | <u>122,424</u> | <u>52</u> | <u>52</u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 21 Creditors

|  |      | Group            |                  | Company          |                  |
|--|------|------------------|------------------|------------------|------------------|
|  | Note | 2020<br>£        | 2019<br>£        | 2020<br>£        | 2019<br>£        |
| <b>Due within one year</b>                     |      |                  |                  |                  |                  |
| Loans and borrowings                           | 25   | 406,951          | 127,333          | -                | -                |
| Trade creditors                                |      | 1,091,133        | 985,128          | -                | -                |
| Amounts due to related parties                 | 29   | -                | -                | 4,715,555        | 4,645,243        |
| Social security and other taxes                |      | 696,761          | 380,117          | -                | -                |
| Outstanding defined contribution pension costs |      | 16,777           | 16,557           | -                | -                |
| Other creditors                                |      | 301,263          | 233,617          | -                | 2,308            |
| Accruals                                       |      | 992,421          | 998,121          | 883,293          | 883,293          |
| Corporation tax liability                      |      | 101,760          | 83,910           | -                | -                |
|  |      | <u>3,607,066</u> | <u>2,824,783</u> | <u>5,598,848</u> | <u>5,530,844</u> |
| <b>Due after one year</b>                      |      |                  |                  |                  |                  |
| Loans and borrowings                           | 25   | <u>3,958,238</u> | <u>3,108,984</u> | <u>1,598,723</u> | <u>1,598,723</u> |

#### 22 Deferred tax and other provisions

##### Group

|  | Deferred tax<br>£ | Total<br>£      |
|--|-------------------|-----------------|
| At 1 January 2020                          | 127,679           | 127,679         |
| Increase (decrease) in existing provisions | <u>(18,310)</u>   | <u>(18,310)</u> |
| At 31 December 2020                        | <u>109,369</u>    | <u>109,369</u>  |

Provision for deferred tax is recognised in respect of timing differences between fixed asset depreciation and accelerated capital allowances.

#### 23 Pension and other schemes

##### Defined contribution pension scheme

The group participates in a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £73,911 (2019 - £68,095).

Contributions totalling £16,777 (2019 - £16,557) were payable to the scheme at the end of the year and are included in creditors.

# **Tileflair Group Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **24 Share capital**

**Allotted, called up and fully paid shares**

|                     | <b>2020</b>    |                | <b>2019</b>    |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | <b>No.</b>     | <b>£</b>       | <b>No.</b>     | <b>£</b>       |
| Ordinary of £1 each | <u>320,000</u> | <u>320,000</u> | <u>320,000</u> | <u>320,000</u> |

### **25 Loans and borrowings**

|   | <b>Group</b>            |                         | <b>Company</b>          |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | <b>2020</b>             | <b>2019</b>             | <b>2020</b>             | <b>2019</b>             |
|   | <b>£</b>                | <b>£</b>                | <b>£</b>                | <b>£</b>                |
| <b>Non-current loans and borrowings</b> |                         |                         |                         |                         |
| Bank borrowings                         | 2,313,334               | 1,433,334               | -                       | -                       |
| Hire purchase contracts                 | 46,181                  | 76,927                  | -                       | -                       |
| Other borrowings                        | <u>1,598,723</u>        | <u>1,598,723</u>        | <u>1,598,723</u>        | <u>1,598,723</u>        |
|   | <u><u>3,958,238</u></u> | <u><u>3,108,984</u></u> | <u><u>1,598,723</u></u> | <u><u>1,598,723</u></u> |

|                                     | <b>Group</b>          |                       | <b>Company</b>  |                 |
|-------------------------------------|-----------------------|-----------------------|-----------------|-----------------|
|                                     | <b>2020</b>           | <b>2019</b>           | <b>2020</b>     | <b>2019</b>     |
|                                     | <b>£</b>              | <b>£</b>              | <b>£</b>        | <b>£</b>        |
| <b>Current loans and borrowings</b> |                       |                       |                 |                 |
| Bank borrowings                     | 370,000               | 100,000               | -               | -               |
| Hire purchase contracts             | <u>36,951</u>         | <u>27,333</u>         | <u>-</u>        | <u>-</u>        |
|                                     | <u><u>406,951</u></u> | <u><u>127,333</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Group

##### Bank borrowings

The bank term loan is secured by a debenture and an unlimited inter-company composite guarantee with accession between Tileflair Group Limited and its subsidiaries, including a first legal charge over all properties held by the group. Interest is accruing at 2% above the base rate set by the Bank of England. They are denominated in GBP and the final installment is due on 17 April 2035. The carrying amount at the year end is £1,483,334 (2019 - £1,533,334).

Loan notes amounting to £1,598,723 (2019 - £1,598,723) included within other borrowings are secured by way of a floating second charge. Interest is accruing at 2% per above the base rate set by the Bank of England.

The Coronavirus Business Interruption Loan is denominated in GBP with a nominal interest rate of 2.0% plus Bank Base Rate, and the final instalment is due on 16 April 2026. The carrying amount at year end is £1,200,000 (2019 - £Nil). This is secured by a Government backed guarantee.

Included in the loans and borrowings are the following amounts due after more than five years:

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| After more than five years by instalments | 1,083,334 | 1,033,334 |

#### 26 Obligations under leases and hire purchase contracts

##### Group

##### Finance leases

The total of future minimum lease payments is as follows:

|   | 2020<br>£     | 2019<br>£      |
|---|---------------|----------------|
| Not later than one year                           | 27,333        | 27,333         |
| Later than one year and not later than five years | 46,181        | 76,927         |
|   | <u>73,514</u> | <u>104,260</u> |

##### Operating leases

The total of future minimum lease payments is as follows:

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Not later than one year                           | 612,162          | 832,737          |
| Later than one year and not later than five years | 1,399,696        | 1,752,464        |
| Later than five years                             | 1,063,370        | 1,304,060        |
|   | <u>3,075,228</u> | <u>3,889,261</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £727,211 (2019 - £757,049).

## Tileflair Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 27 Dividends

|   | 2020<br>£     | 2019<br>£ |
|---|---------------|-----------|
| Interim dividend of £0.125 (2019 - £Nil) per ordinary share | <u>40,000</u> | <u>-</u>  |

#### 28 Financial guarantee contracts

##### Group

An unlimited cross-company composite guarantee was in force across the group during the current and preceding period as security for the bank term loan.

Companies included within the guarantee alongside Tileflair Group Limited were the subsidiary undertakings, Tileflair Tiles Limited and Tileflair Limited.

#### 29 Related party transactions

##### Group

##### Loans from related parties

|                    | Loan notes<br>£  |
|--------------------|------------------|
| <b>2020</b>        |                  |
| At start of period | <u>1,598,723</u> |

During the year interest was charged on the loan notes of £35,711 (2019 - £43,965) and paid in full. No capital repayment was made.

Crystallised loan note interest of £883,293 (2019 - £883,293) is included within current liabilities. This amount is interest free and repayable on demand.

|                    | Loan notes<br>£  |
|--------------------|------------------|
| <b>2019</b>        |                  |
| At start of period | <u>1,598,723</u> |

Crystallised loan note interest of £883,293 (2019 - £883,293) is included within current liabilities. This amount is interest free and repayable on demand.

## **Tileflair Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Company**

##### **Summary of transactions with all subsidiaries**

##### **Income and receivables from related parties**

During the current year dividends were received of £40,000 (2019 - £Nil) from a subsidiary of the group, Tileflair Tiles Limited.

Tileflair Tiles Limited received dividends of an equal amount from Tileflair Limited, a wholly owned subsidiary within the group.

##### **Expenditure with and payables to related parties**

Included within creditors were amounts due to related parties of £4,715,555 (2019 - £4,645,243) owed to Tileflair Limited.

#### **30 Financial instruments**

##### **Group**

##### **Categorisation of financial instruments**

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| <b>Financial assets</b>                           |                  |                  |
| Measured at fair value through profit or loss     | 250,000          | 250,000          |
| Debt instruments measured at amortised cost       | 606,771          | 561,638          |
|   | <u>856,771</u>   | <u>811,638</u>   |
| <b>Financial liabilities</b>                      |                  |                  |
| Measured at amortised cost less impairment        | 2,657,421        | 2,233,423        |
| Loan commitments measured at cost less impairment | 4,365,189        | 3,236,317        |
|   | <u>7,022,610</u> | <u>5,469,740</u> |

#### **31 Ultimate controlling party**

The ultimate controlling party is the directors of Tileflair Group Limited by virtue of their equal shareholdings in equity share capital.