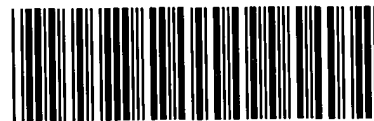


Company Registration No. 04923718 (England and Wales)

**ABINGDON FLOORING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2018**

FRIDAY



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COMPANIES HOUSE

# ABINGDON FLOORING LIMITED

## COMPANY INFORMATION

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**Directors**

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

**Secretary**

Mr A W Stephens

**Company number**

04923718

**Registered office**

Penyfan Park  
NEWBRIDGE  
Caerphilly  
UK  
NP11 4XG

**Auditor**

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

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# ABINGDON FLOORING LIMITED

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# ABINGDON FLOORING LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 MARCH 2018**

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### Principal activities

The company manufactures and distributes carpets.

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

### Review of the business

We are pleased to report an increase in turnover of 7.4% from £64.624m to £69.363m.

This is primarily due to a major restructuring programme within the Victoria Group which will, over the course of the next 12 months, see the Abingdon Flooring manufacturing site at Newbridge become the principle broadloom carpet plant for the UK.

This has enabled us to produce more carpet for other group member companies who will benefit from a lower production cost brought about by the economies of scale which will be realised in the future.

In terms of Abingdon Flooring, we continue to follow our core strategy of supporting the Independent retail sector and have also seen significant growth in the New Housing sector as the demand for new properties continues to grow.

### Future developments

The trend towards softer products is now well established and seems to show no sign of changing. However, the need to become even more competitive has become more apparent as we move towards the deadline for leaving the European Union and the uncertainty this appears to be bringing.

The future consolidation and growth plans for Abingdon Flooring will leave us extremely well placed to meet these challenges.

### Key Performance Indicators

	Period ended 1 April 2018 £m	Period ended 1 April 2017 £m
Revenue	69.3	64.6
Revenue growth (%)	7.4%	4.1%
Operating Profit (before exceptional items)	3.4	4.5
Operating Profit before exceptional items (%)	4.8%	7.0%

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

### Principal risks and uncertainties

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

#### Credit risk

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

# **ABINGDON FLOORING LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

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### **Liquidity risk**

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

### **Interest rate risk**

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

### **Foreign currency risk**

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and US dollar due to the fact a proportion of our raw material purchases are in dollars and euros. Foreign exchange risks arise from future commercial transactions denominated in a currency that is not the entity's functional currency. The company mitigates this risk by entering into forward foreign currency contracts.

### **Competition**

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

  
.....  
Mr S M M Byrne  
Director  
.....

# **ABINGDON FLOORING LIMITED**

## **DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31 MARCH 2018**

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### **Results and dividends**

The results for the period are set out on 7.

Dividends of £nil were paid during the year (2017: £Nil).

### **Directors**

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

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

### **Qualifying third party indemnity provisions**

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

### **Disabled persons**

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

### **Employee involvement**

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

### **Auditor**

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

# ABINGDON FLOORING LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

### Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS101 'Reduced Disclosure Framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement of disclosure to auditor

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

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

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

### Matters covered in the strategic report

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

On behalf of the board

  
.....  
Mr S M M Byrne

Director

Date: .....

# **ABINGDON FLOORING LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ABINGDON FLOORING LIMITED**

---

#### **Opinion**

We have audited the financial statements of Abingdon Flooring Limited (the 'company') for the period ended 31 March 2018 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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.

#### **Who we are reporting to**

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.

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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' 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.



# ABINGDON FLOORING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ABINGDON FLOORING LIMITED

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#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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

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

#### Responsibilities of directors for the financial statements

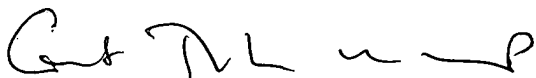
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



David White  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants  
Birmingham

# ABINGDON FLOORING LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2018

		Period ended 31 March 2018	Period ended 1 April 2017
	Notes	£	£
Turnover	3	69,363,302	64,623,859
Cost of sales		(48,171,781)	(43,292,525)
<b>Gross profit</b>		<b>21,191,521</b>	<b>21,331,334</b>
Distribution costs		(15,591,268)	(14,824,320)
Administrative expenses		(2,217,403)	(1,988,514)
Exceptional items	4	(1,235,629)	-
<b>Operating profit</b>	5	<b>2,147,221</b>	<b>4,518,500</b>
Interest receivable and similar income	8	3,267	3,748
Interest payable and similar charges	9	(458,402)	(459,016)
<b>Profit before taxation on ordinary activities</b>		<b>1,692,086</b>	<b>4,063,232</b>
Tax on profit on ordinary activities	10	(352,675)	(1,212,135)
<b>Profit for the financial period</b>		<b>1,339,411</b>	<b>2,851,097</b>

There was no other comprehensive income for 2018 (2017: £NIL).

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

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

# ABINGDON FLOORING LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	12	6,162,559	5,355,881
Investments	13	501	501
		<u>6,163,060</u>	<u>5,356,382</u>
<b>Current assets</b>			
Stocks	15	15,371,474	10,380,370
Deferred tax asset	20	109,523	94,368
Debtors	16	16,840,004	13,508,400
Cash at bank and in hand		1,951,464	6,349,433
		<u>34,272,465</u>	<u>30,332,571</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	17	23,187,007	18,723,674
Taxation and social security		2,141,599	3,186,502
Derivative financial instruments		128,029	10,561
Obligations under finance leases	19	101,272	129,514
		<u>25,557,907</u>	<u>22,050,251</u>
<b>Net current assets</b>		<u>8,714,558</u>	<u>8,282,320</u>
<b>Total assets less current liabilities</b>		<u>14,877,618</u>	<u>13,638,702</u>
<b>Creditors: amounts falling due after more than one year</b>			
Obligations under finance leases	19	266,688	367,183
<b>Net assets</b>		<u>14,610,930</u>	<u>13,271,519</u>
<b>Capital and reserves</b>			
Called up share capital	22	50	50
Share premium account	23	249,950	249,950
Capital redemption reserve	24	100	100
Profit and loss reserves		14,360,830	13,021,419
<b>Total equity</b>		<u>14,610,930</u>	<u>13,271,519</u>

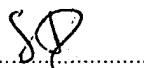
# ABINGDON FLOORING LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2018

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

  
.....  
Mr S M M Byrne  
Director

Company Registration No. 04923718

# ABINGDON FLOORING LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
Balance at 2 April 2016	50	249,950	100	10,170,322	10,420,422
Profit for the period	-	-	-	2,851,097	2,851,097
Total comprehensive income for the period	-	-	-	2,851,097	2,851,097
Transactions with owners	-	-	-	-	-
Balance at 1 April 2017	50	249,950	100	13,021,419	13,271,519
Profit for the period	-	-	-	1,339,411	1,339,411
Total comprehensive income for the period	-	-	-	1,339,411	1,339,411
Transactions with owners	-	-	-	-	-
Balance at 31 March 2018	50	249,950	100	14,360,830	14,610,930

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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### 1 Accounting policies

#### 1.1 Accounting convention

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

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

The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling.

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

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

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

Where required, equivalent disclosures are given in the group accounts of Victoria P.L.C. The group accounts of Victoria P.L.C are available to the public and can be obtained as set out in note 28.

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

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

#### 1.2 Going concern

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

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### 1 Accounting policies (Continued)

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts measured at the fair value of the consideration received or receivable.

Turnover from the sale of goods is recognised when all the following conditions are satisfied:

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

Interest income is recognised as interest accrues using the effective interest method.

#### 1.4 Investments in associates and subsidiaries

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

#### 1.5 Tangible fixed assets

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

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

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

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

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

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

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

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### 1 Accounting policies (Continued)

#### 1.8 Fair value measurement

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

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial assets

Financial assets are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### 1.11 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

##### **Other financial liabilities**

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.



# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

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### 1 Accounting policies (Continued)

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 1.13 Derivatives

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

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

#### 1.14 Taxation

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### Deferred tax

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

#### 1.15 Employee benefits

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

#### 1.16 Leases

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

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

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

### 1 Accounting policies (Continued)

#### 1.17 Foreign exchange

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

#### 1.18 Exceptional items

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

### 2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements

##### Stock

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

#### Key sources of estimation uncertainty

##### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological or product obsolescence that may change the utility of certain items of plant and machinery and IT equipment.

### 3 Turnover

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

	2018 £	2017 £
Carpet sales	69,363,302	64,623,859

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

### 3 Turnover (Continued)

#### Geographical market

	Turnover 2018 £	2017 £
United Kingdom	67,547,709	61,066,087
Europe	1,815,593	1,008,051
	<u>69,363,302</u>	<u>62,074,138</u>

### 4 Exceptional items

	2018 £	2017 £
Restructuring costs	<u>(1,235,629)</u>	<u>-</u>

The exceptional costs recorded in the year relate to restructuring costs incurred in installing and commissioning plant and machinery acquired from associated companies within the group.

### 5 Profit for the period

	2018 £	2017 £
Profit for the period is stated after charging/(crediting):		
Net foreign exchange losses	117,408	38,309
Operating lease rentals	1,863,054	1,445,428
Depreciation of property, plant and equipment	2,917,889	2,808,479
Cost of inventories recognised as an expense	37,383,400	32,836,532
Staff costs	14,115,955	12,940,463
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>18,000</u>	<u>21,300</u>

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

### 6 Employees

	2018 Number	2017 Number
Manufacturing	325	311
Administration	83	75
	<u>408</u>	<u>386</u>

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 6 Employees (Continued)

	2018 £	2017 £
Wages and salaries	12,196,865	11,188,268
Social security costs	1,211,640	1,104,839
Pension costs	707,450	647,356
	<u>14,115,955</u>	<u>12,940,463</u>

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	633,351	591,134
Company pension contributions to defined contribution schemes	145,004	149,337
	<u>778,355</u>	<u>740,471</u>

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

Remuneration for qualifying services	<u>199,373</u>	<u>179,596</u>
--------------------------------------	----------------	----------------

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

No pension contributions were made for the highest paid director (2017 - £NIL).

### 8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	<u>3,267</u>	<u>3,748</u>

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	12,660	10,580
Interest payable to group undertakings	436,087	448,434
Interest on other loans	9,655	2
	<u>458,402</u>	<u>459,016</u>

### 10 Income tax expense

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	367,830	1,129,982
	<u>367,830</u>	<u>1,129,982</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(15,155)	82,153
	<u>(15,155)</u>	<u>82,153</u>
<b>Total tax charge</b>	<u>352,675</u>	<u>1,212,135</u>

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	1,692,086	4,063,232
	<u>1,692,086</u>	<u>4,063,232</u>
Expected tax charge based on a corporation tax rate of 19% (2017: 20%)	321,496	812,646
Expenses not deductible in determining taxable profit	31,179	400,438
Income not taxable	-	(949)
	<u>352,675</u>	<u>1,212,135</u>
<b>Tax charge for the period</b>	<u>352,675</u>	<u>1,212,135</u>

### 11 Factors that may affect future tax charges

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 12 Tangible fixed assets

	Freehold buildings	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2017	361,256	4,243,110	9,514,434	60,580	14,179,380
Additions	-	2,473,621	1,246,446	4,500	3,724,567
Disposals	-	(2,053,851)	-	-	(2,053,851)
At 31 March 2018	361,256	4,662,880	10,760,880	65,080	15,850,096
<b>Accumulated depreciation and impairment</b>					
At 1 April 2017	162,567	2,256,579	6,363,713	40,640	8,823,499
Charge for the period	36,126	2,267,240	606,232	8,291	2,917,889
Eliminated on disposal	-	(2,053,851)	-	-	(2,053,851)
At 31 March 2018	198,693	2,469,968	6,969,945	48,931	9,687,537
<b>Carrying amount</b>					
At 31 March 2018	162,563	2,192,912	3,790,935	16,149	6,162,559
At 1 April 2017	198,689	1,986,531	3,150,721	19,940	5,355,881

Assets with a net book value of £718,795 (2017: £875,194) are held under finance leases at the year end. Depreciation of £156,399 (2017: £151,499) was charged in respect of these assets.

### 13 Investments

	Current 2018 £	2017 £	Non-current 2018 £	2017 £
Investments in subsidiaries	-	-	501	501

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 13 Investments (Continued)

#### Movements in fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 2 April 2016 & 1 April 2017	501
<b>Impairment</b>	
At 2 April 2016 & 1 April 2017	-
<b>Carrying amount</b>	
At 31 March 2018	501
At 01 April 2017	501

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

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

All shares held in subsidiaries are ordinary class shares.

### 15 Stocks

	2018 £	2017 £
Raw materials	939,728	1,065,511
Work in progress	1,136,888	1,125,180
Finished goods	13,294,858	8,189,679
	<u>15,371,474</u>	<u>10,380,370</u>

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 16 Debtors

	2018	2017
	£	£
Trade debtors	8,237,194	9,368,387
Amounts due from subsidiary undertakings	5,936,860	1,545,722
Amounts due from group undertakings	724,506	67,709
Prepayments	1,408,258	578,080
Other debtors	533,186	
	<u>16,840,004</u>	<u>13,508,400</u>

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

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

### 17 Creditors

	Due within one year	
	2018	2017
	£	£
Trade creditors	12,080,520	9,068,560
Amount due to group undertakings	10,745,253	9,243,634
Accruals	361,234	411,480
	<u>23,187,007</u>	<u>18,723,674</u>

Amounts due to group undertakings are unsecured and repayable on demand. Interest is charged at a rate between 0 and 4.5%.

### 18 Derivative financial instruments

Forward foreign exchange contracts are held at fair value through the profit and loss account. The company has relied upon valuations performed by third party valuation specialised for complex valuations of the forward exchange contracts. Valuation techniques have utilised observable forward exchange rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for forward exchange contracts. All forward foreign exchange contracts expire within 12 months from 31 March 2018.

A charge of £117,468 (2017: £38,310) has been recognised in the profit and loss account in respect of movements in the fair value of the forward foreign exchange contracts.



# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 19 Finance lease obligations

	Present value	
	2018	2017
	£	£
Amounts payable under finance leases:		
Within one year	101,272	129,514
In two to five years	266,688	367,183
	<u>367,960</u>	<u>496,697</u>

### Analysis of finance leases

	2018	2017
	£	£
Current liabilities	101,272	129,514
Non-current liabilities	266,688	367,183
	<u>367,960</u>	<u>496,697</u>

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

### 20 Deferred taxation

	Fixed asset timing differences
	£
Deferred tax asset at 2 April 2016	(176,521)
<b>Deferred tax movements in prior year</b>	
Charge to profit or loss	82,153
Deferred tax asset at 1 April 2017	<u>(94,368)</u>
<b>Deferred tax movements in current year</b>	
Charge to profit or loss	(15,155)
Deferred tax asset at 31 March 2018	<u><u>(109,523)</u></u>

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 20 Deferred taxation (Continued)

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

	2018 £	2017 £
Fixed asset timing differences	(109,523)	(94,368)

### 21 Retirement benefit schemes

#### Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £707,450 (2017 - £647,356).

22 Share capital	2018 £	2017 £
Ordinary share capital Issued and fully paid		
425 Ordinary A of 10p each	42	42
75 Ordinary B of 10p each	8	8
	<u>50</u>	<u>50</u>

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

### 23 Share premium account

	£
At 2 April 2016	249,950
At 1 April 2017 & 31 March 2018	<u>249,950</u>

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

# ABINGDON FLOORING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

### 24 Capital redemption reserve

	£
At 2 April 2016	100
At 1 April 2017 & 31 March 2018	100

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

### 25 Operating leases commitments

#### Lessee

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

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	1,168,210	665,040	475,230	438,855
Between two and five years	4,649,125	745,759	740,647	735,502
In over five years	661,768	270,303	-	-
	<u>6,479,103</u>	<u>1,681,102</u>	<u>1,215,877</u>	<u>1,174,357</u>

### 26 Capital commitments

Capital expenditure contracted but not provided for in the financial statements was £3,731,897 (2017: £Nil).

### 27 Related party transactions

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

### 28 Controlling party

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