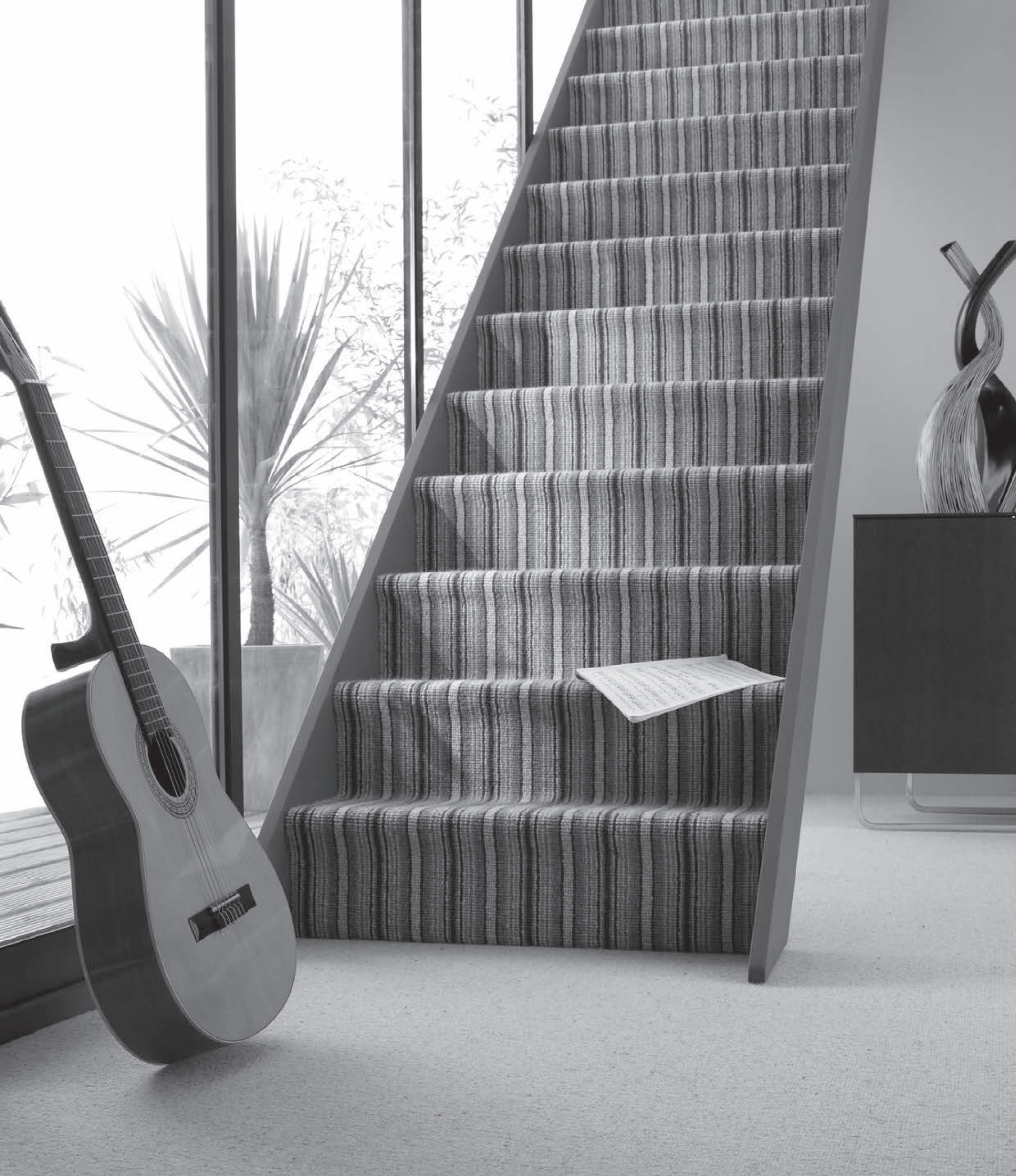


VICTORIA PLC

Annual Report and Accounts for the 52 weeks ended 29 March 2014

www.victoriaplc.com

stock code: VCP

VICTORIA PLC

Mission Statement

To create wealth for our
Shareholders

Welcome to Victoria PLC

Victoria PLC is a manufacturer, supplier and distributor of design-led carpets, carpet tiles and other floorcoverings, targeting the mid to high-end markets in which we operate.

Group Financial Highlights

	2014 £m	2013 £m
Continuing operations		
Revenue	**71.39**	70.91
Operating profit/(loss) before exceptional items	**2.58**	(0.50)
Finance costs	**(0.53)**	(0.46)
Profit/(loss) before tax and exceptional items	**2.05**	(0.96)
Exceptional items	**0.23**	(2.38)
Profit/(loss) before tax	**2.28**	(3.34)
Tax	**(0.67)**	0.74
Profit/(loss) after tax	**1.61**	(2.60)
Net debt	**1.48**	7.51

See further information online:
www.victoriaplc.com

Use you phone's QR code app to go to our website

Contents

Strategic Report

Our Business and Performance
Group Financial Highlights 01
Chairman's Statement 02
Operating and Financial Review 04

Our Governance
Directors 09
Directors' Report 10
Corporate Governance Statement 13
Statement of Directors' Responsibilities 14

Our Financials
Independent Auditor's Report 15
Consolidated Income Statement 16
Consolidated Statement of Comprehensive Income 16
Consolidated and Company Balance Sheets 17
Consolidated and Company Statements of Changes in Equity 18
Consolidated and Company Statement of Cash Flows 19
Significant Accounting Policies 20
Notes to the Accounts 26
Five Year Record 51
Shareholder Information 52
Glossary 53
Principal Subsidiaries and their Directors IBC

DIEU ET MON DROIT

BY APPOINTMENT TO
HER MAJESTY THE QUEEN
CARPET MANUFACTURERS
VICTORIA CARPETS LTD
KIDDERMINSTER

VICTORIA PLC

Chairman's Statement

I am pleased to advise shareholders that the financial year for 2014 marked a significant improvement in Victoria's financial position:

- Group revenues grew by 0.7% (6.8% in constant currency terms) from £70.91m to £71.39m
- Group operating profit before exceptional items from continuing operations increased from a loss of £0.50m to a profit of £2.58m, as a result of continued improvements in like-for-like group profitability and the acquisition of the Globesign group ('Westex')
- Group profit before tax and exceptional items from continuing operations increased from a loss of £0.96m to a profit of £2.05m
- After exceptional items, the Group recorded a profit before tax from continuing operations of £2.28m, compared with a £3.34m loss before tax in the prior year
- Group debt as at year end was £1.48m, compared with £7.51m in 2013, reflecting the successful restructuring of the Group

Review:

There are number of factors that have contributed to our change in fortunes but I would like to highlight a few specific actions over the period:

- Much of the underlying improvement has come from a relentless day-to-day focus on costs, margins, and sales growth. The success of this is a credit to the Group's employees who have needed to adjust in a relatively short time to a new culture and I would like to thank them for their efforts and focus. I would also like to take this opportunity to sincerely thank our retailers whose loyal support and business has been vital to our plans.
- We were very pleased to acquire Westex during 2014. Westex is arguably the UK's premium tufted carpet manufacturer, and is run by talented and committed individuals who, I am delighted to say, have committed to remain at the business for a minimum of five years. In 2014, Westex generated profits of £4.53m although the contribution to Victoria's profit before tax was £1.17m, reflecting the fact that we owned the business for just three months of the financial year.
- Our ongoing focus on generating cash has significantly reduced the Group's debt levels – from £7.51m at the end of 2013 to £1.48m as at the end of 2014 – even after the payment of £16.00m to the shareholders of Westex.
- Although Victoria has long owned its factories, it is difficult to see any genuine competitive advantage in ownership of the land and buildings. Victoria is a carpet manufacturer, not a property investor, and the Board has formed the view that the capital locked up in real estate is generally better employed in carpet manufacturing and distribution operations. There will be circumstances where it is worthwhile to retain ownership of the real estate, but during 2014 we have sold our operational real estate in Australia and the Company's property at Kidderminster, by way of sale and lease back.
- In last year's report to shareholders I outlined the proposed rationalisation of the Company's spinning mills in Australia to one site at Bendigo and this consolidation has now been completed. Costs associated with this move totalled £0.78m in 2014 but it has significantly improved operating efficiencies in Australia, ensuring we remain competitive.
- As part of our strategy to dispose of non-core and underperforming assets we have successfully sold the Canadian interior decorating retailer, Colin Campbell, realising a small premium to the carrying value. The business had never generated a meaningful return to Victoria and it did not have any strategic value so in 2013 we bought out the other 50% shareholder, which enabled us to deal freely with the business – a move which resulted in us being able to achieve a sale.

Post balance sheet date the Board was delighted to deliver on its commitment to shareholders at the time of its appointment and be able to pay a special dividend of £2.92 per share in July – bringing the total payment to shareholders since they approved the Contract for Differences ("CFD") to £3.00 per share. This act also enabled the CFD to be terminated and remove any uncertainty around this arrangement. 100% of the proceeds of the CFD were reinvested into Victoria demonstrating my commitment to, and confidence in, the future of the business.

Dividend

The very large dividend paid in July 2014 has led to the decision that a final dividend will not be paid this year. However the board would like to send a clear signal to shareholders of the Company's commitment to paying dividends as part of its plan to create wealth for shareholders and it is intended to recommence dividends next year.

Board Changes

As announced in May 2014, the Board of Victoria was further strengthened with the appointment of Terry Danks, the existing Company Secretary of the Group and Finance Director of Victoria Carpets Limited.

Outlook

We are encouraged by the improving UK residential property market. Although new homes are a useful source of revenue, by far the most important driver of carpet sales is home-owners redecorating/refurbishing their homes. Consumer confidence and home sales are the underlying factors for this activity.

After a very difficult couple of years there are also promising signs of economic improvement in Australia, which will, in time, translate into consumer confidence and increasing demand for carpet.

To help shareholders understand the underlying earnings of Victoria I have set out in the table below a summary of the operating profits of each component of the Group.

EBIT £000's	2012	2013	**2014**
Existing UK	308	(1,820)	**403**
Westex	3,341	3,698	**4,538**
Australia (A$)	4,786	3,104	**2,876**
Australia (£)	3,134	2,027	**1,686**
PLC	(859)	(705)	**(682)**
Total	5,924	3,200	**5,945**

Notes:

1. Westex earnings are for the 12 months ending 28 February of each year (their former balance sheet date); all other earnings are for Victoria's financial year

2. All numbers exclude exceptional items

3. Existing UK incorporates Victoria Carpets Limited and Westwood Yarns Limited

Our Mission

I would like to finish this report by highlighting Victoria PLC's commitment to create wealth for shareholders. It is the benchmark against which all management and board decisions are measured. The *means* by which we do this is by the manufacture and distribution of some of the finest floor coverings in the UK and Australia, but the *objective* is to reward shareholders for their investment in, and support for, Victoria PLC.

I am pleased to say that over the last 18 months many of the Group's management have bought shares (most of them for the first time) on market with their own cash reflecting their belief in Victoria PLC. Their personal investment ensures they think and act in the best interests of shareholders because they are shareholders.

In summary, with the reshaping of the business that has already occurred, together with the improving market conditions and other opportunities that we see, I am optimistic about the Group's future.

Geoffrey Wilding
Executive Chairman
28 August 2014

Operating and Financial Review

Operational Review

United Kingdom

Whilst the improving UK economic position has been well documented during this financial period, market conditions remain highly competitive and consumers remain cautious over spend on high value items after a sustained period of below inflationary wage growth.

With the market trend towards less expensive products, Victoria launched a number of product ranges in the financial period to reflect this.

The UK achieved like for like sales growth of 1.7% from £27.73m to £28.21m, which excludes the impact of the acquisition of Westex.

The UK underlying operating performance (excluding Westex) has improved from an operating loss of £1.82m in 2013 to an operating profit of £0.40m in 2014. The turnaround in performance is driven by an improvement in gross margin and a continued focus on reducing the cost base, including the full year benefit of cost saving initiatives undertaken in the second half of 2013.

The UK completed a sale and leaseback of the manufacturing facility in Kidderminster in March 2014, receiving cash of £5.80m.

The acquisition of Westex in December 2013 has contributed sales of £4.83m and an operating profit of £1.17m in the period post acquisition. The annual operating profit of Westex over the past three years is shown within the Chairman's Statement.

As a result of the above, the UK recorded a profit before tax and exceptional items of £1.57m compared to a loss before tax and exceptional items of £2.03m in 2013.

Australia

The Australian economy continues to be impacted by the slowdown in the resources sector and a softening in prices as a result of slowing growth in key markets of China and India. The retail and building & construction sectors are showing progress whilst manufacturing and service sectors continue to struggle.

The direction of the Australian Dollar is critical to the health of the manufacturing sector and to competitiveness in the resources sector and overall unemployment rates. There has been considerable volatility in both the Australian Dollar and New Zealand Dollar during the year and experts are divided over their future direction.

The continued low interest rate environment has fostered significant increases in house prices in both Australia and New Zealand with many major cities showing double digit growth over the past 12 months. This activity has boosted approval and commencements in new building construction in 2014, and driven the turnover and clearance rates of existing properties. Most recent data indicates that building and property activity levels are now moderating heading into 2015.

Sales in the period of A$65.40m were below prior year by 1.1% (A$66.14m), impacted by tough economic conditions and the competitive trading environment.

Whilst reported operating profit has reduced by A$0.23m to A$2.88m on lower sales, the like for like operating profit, after adjusting for property leasing costs during the period was in line with prior year. Cost saving initiatives across the business also delivered and contributed to the underlying operating profit, offsetting additional costs in third party logistics following the failure of a long term partner.

The exit from and closure of the Castlemaine Mill freed up key assets to be transferred to the Bendigo Mill, increasing that plant's capacity and reducing operating costs by year end.

The company completed sale and leasebacks of the manufacturing facility in Dandenong and spinning mill at Bendigo realising cash of A$10.50m in the financial year. The sale of the Castlemaine mill was completed post year end in May 2014 for A$1.0m.

The company has achieved a significant reduction in working capital, with inventory reduced by A$4.29m (20.9%).

Canada

As noted in the Chairman's Statement, the Group disposed of its Canadian operation Colin Campbell at the end of the financial period. The Canadian operation contributed operating profit of £5k in the period and £77k in prior year. The sale of the business in March 2014 realised a £111k profit.

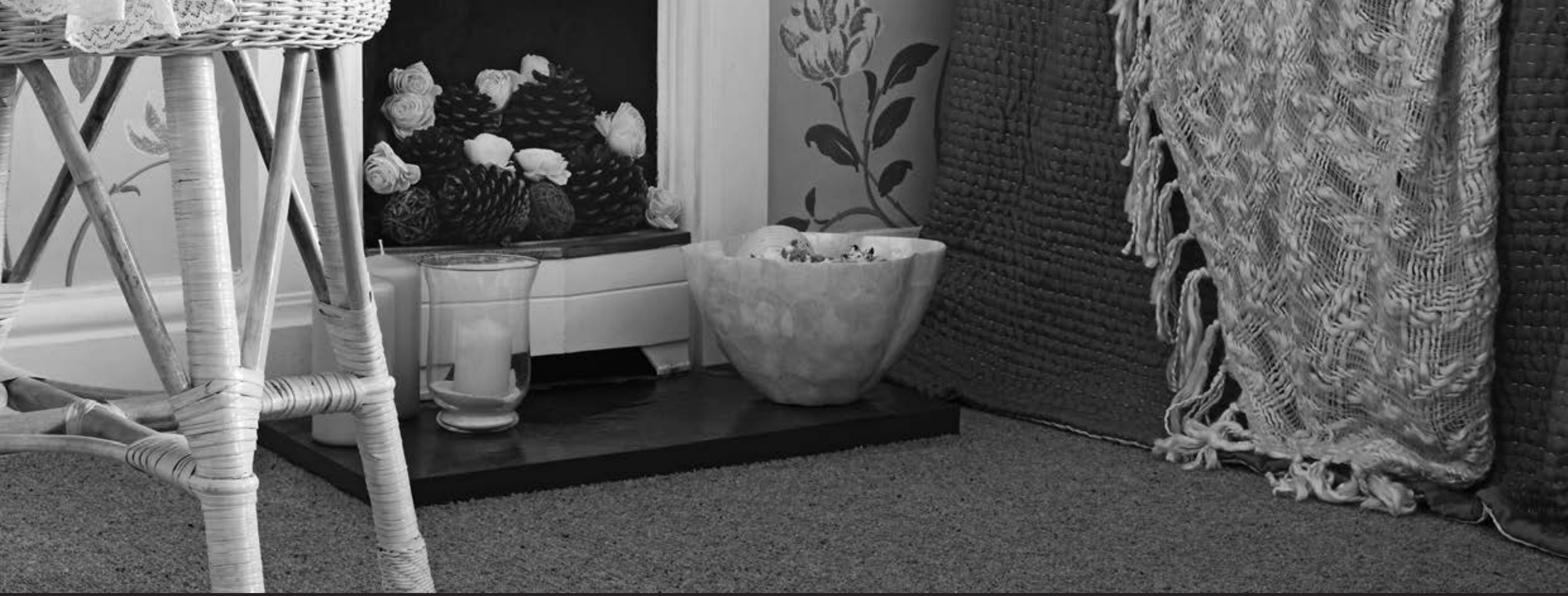


Image: Victoria UK: Strathmore

Financial Review

The Group's financial performance for the year end 29 March 2014 is summarised as follows:

	2014 £m	2013 £m	% Change
Revenue	**71.39**	70.91	0.7%
Operating profit/(loss) before exceptional items from continuing operations	**2.58**	(0.50)	618.3%
Finance Costs	**(0.53)**	(0.46)	15.2%
Profit/(loss) before tax and exceptional items from continuing operations	**2.05**	(0.96)	312.9%
Exceptional items	**0.23**	(2.38)	109.7%
Profit/(loss) before tax from continuing operations	**2.28**	(3.34)	168.3%
Tax	**(0.67)**	0.74	190.8%
Profit/(loss) after tax from continuing operations	**1.61**	(2.60)	161.9%
Profit/(loss) from discontinued operations	**0.12**	(0.18)	158.2%
Profit/(loss) for the period	**1.73**	(2.78)	162.1%
Net debt	**1.48**	7.51	-80.3%

Exceptional Items

The exceptional items for the year end 29 March 2014 are summarised below:

	2014 £m	2013 £m
Profit on sale of properties	**3.30**	–
Contract for Differences	**(1.63)**	–
Restructuring of Australia's spinning mills	**(0.78)**	(0.87)
Acquisition costs	**(0.66)**	–
Move to AIM	**–**	(0.23)
Incentive plan	**–**	(0.23)
General Meeting costs	**–**	(0.60)
Write off of certain intangible assets	**–**	(0.44)
	0.23	(2.37)

The Group sold its carpet manufacturing facilities in both Australia and the UK during the year and the spinning mill in Bendigo, Australia. These properties are now under operating leases varying from 10 to 20 year terms. The property sales realised a profit of £3.30m, which is recorded in other operating income.

The Contract for Differences charge of £1.63m represents the fair value assessment of the contract at the year-end date and associated professional fees in the period. The fair value calculation was based on the principles of the contract and the market capitalisation as at the year end. Also taken into account were a number of conditions still to be met before the contract could be exercised. The conditions were eventually satisfied in July 2014 resulting in the issue of 7,087,730 ordinary shares for the benefit of Geoffrey Wilding as disclosed in the Directors' Report.

The smaller of the two spinning mills in Australia was closed in the first half period to meet reduced volume requirements for woollen yarns as a result of the continuing consumer trend away from wool to synthetic carpets.

Acquisition costs in the period relate to professional fees associated with the acquisition of Westex in December 2013.

Operating and Financial Review continued

Taxation

The tax charge in the year was £0.67m (2013: tax credit of £0.74m), equivalent to an effective tax rate of 28.0%. The Group's tax rate is above the prevailing UK standard rate of 23% impacted by a number of factors including a higher standard rate of 30% in Australia and expenses that are not deductible in determining taxable profit. A full reconciliation of factors impacting the tax rate in the period is detailed in Note 6 of the financial statements.

Cash Flow and Debt

	2014 £m	2013 £m
Operating profit/(loss) from continuing operations and before exceptional items	**2.58**	(0.50)
Depreciation and non-cash items	**2.55**	2.77
Foreign exchange	**0.06**	0.12
Movement in working capital	**4.32**	2.12
Operating cash flow (before exceptional items)	**9.51**	4.51
EBITDA*	**5.14**	2.33
Operating cash flow conversion % (against EBITDA*)	**185.1%**	193.7%

* Earnings before interest, tax, depreciation, amortisation and exceptional items.

The Group generated significant operating cash flows in the period (before exceptional items) relative to EBITDA (before exceptional items), driven by a continued focus on reducing working capital levels. In particular, underlying inventories levels have decreased year on year by £4.86m after excluding the impact of the additional inventory on the Group balance sheet following the acquisition of Westex in the period.

	2014 £m	2013 £m
Operating cash flow (before exceptional items)	**9.51**	4.51
Interest paid	**(0.53)**	(0.46)
Corporation tax paid	**(0.40)**	(0.51)
Capital Expenditure	**(0.53)**	(0.85)
Free cash flow (before exceptional items)	**8.05**	2.69
Proceeds on disposal of property, plant and equipment	**11.70**	0.10
Acquisition of Westex	**(12.84)**	–
Dividends paid	**(0.56)**	(0.63)
Restructuring of Australia's spinning mills	**(0.78)**	(0.87)
Dividends and sales proceeds from Colin Campbell	**0.50**	–
General Meeting, AIM and Incentive Plan costs	**–**	(1.06)
Other items	**(0.04)**	0.01
Net cash flow	**6.03**	0.24
Opening net debt	**(7.51)**	(7.75)
Closing net debt	**(1.48)**	(7.51)

Capital expenditure was relatively modest at £0.53m (2013: £0.85m) and significantly below depreciation levels. The Group is well invested with modern plant and equipment and capital expenditure requirements are expected to remain below depreciation levels in the new financial period.

The net cash inflow of £11.70m in the period on disposal of property, plant and equipment principally relates to the sale and leaseback of the properties noted earlier in this section.

The net cash outflow arising in respect to the acquisition of Westex was £12.84m, comprising an initial cash consideration of £16.00m and £0.66m of associated professional fees, partly offset by £3.82m opening cash in Westex.

Net debt levels reduced by £6.03m during the financial year to £1.48m (2013: £7.51m).

Future funding

The Group's annual renewal of its Australia facilities took place in November 2013 and there are no problems anticipated in renewing these facilities on similar terms in November 2014.

The Group's UK facilities comprise a committed 3 year revolving credit facility expiring in July 2015, a new term loan facility to finance the Westex acquisition expiring in December 2016 and an overdraft facility. The facilities are subject to financial covenants measured against Group results and all lending covenants were satisfied at all quarterly test dates throughout the year. There are no problems anticipated in renewing the 3 year revolving credit facility which expires in less than 12 months from the date of this report.

The current facilities across the Group provide sufficient capacity in Australian Dollars, Sterling and Euros to cover all anticipated capital expenditure and working capital requirements in the year ahead.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement and the Operating and Financial Review. In addition, note 26 to the financial statements includes details of the Group's financial instruments, hedging activities and its exposure to and management of credit risk, liquidity risk, currency risk and interest rate risk.

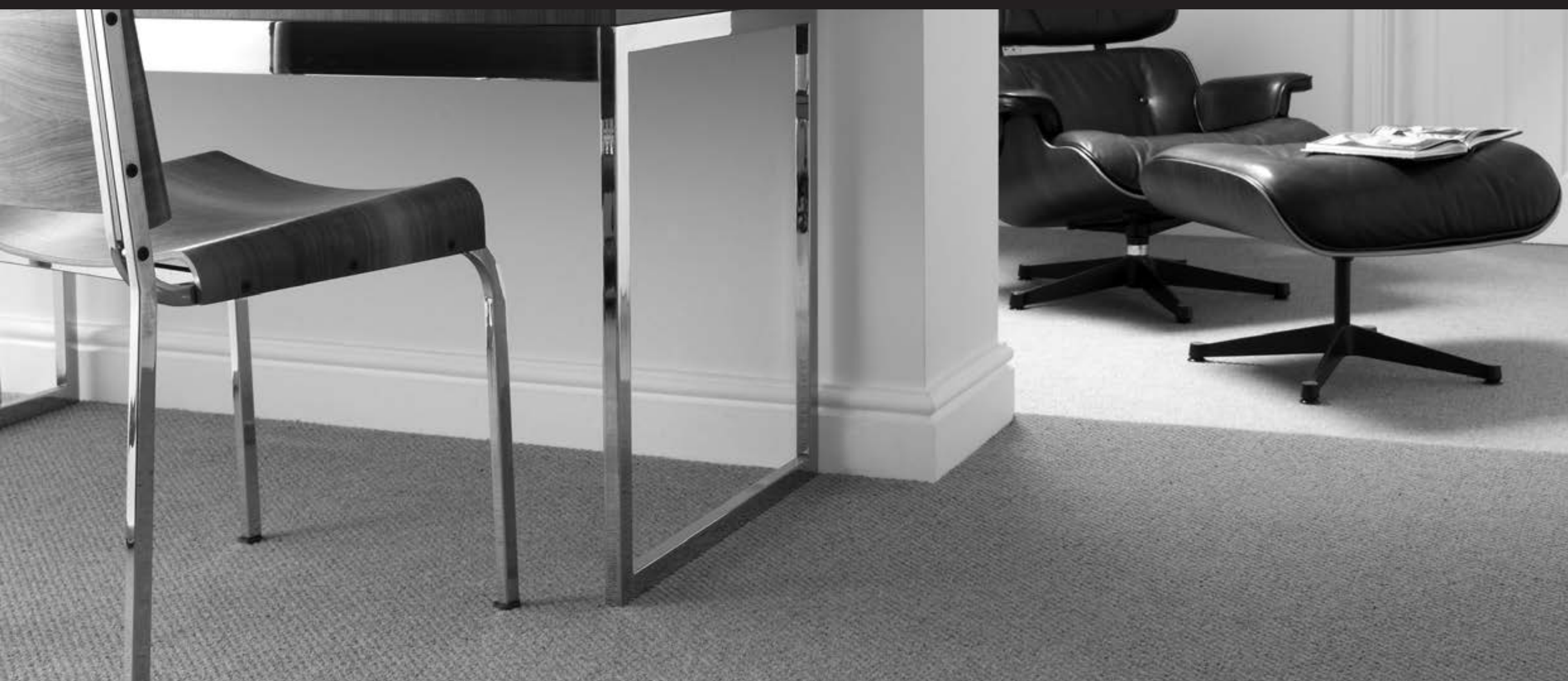
Having reviewed the Group's budgets, projections and funding requirements, and taking account of reasonable possible changes in trading performance, the Directors believe they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors are of the view that the Group is well placed to manage its business risks. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Accounting standards

The financial statements have been produced in accordance with International Financial Reporting Standards (IFRS), as endorsed and adopted for use in the EU. There have been no changes to IFRS this year that have a material impact on the Group's results. There have been no changes in the accounting policies of the Group and its subsidiaries this year.

Victoria UK: Rustic Jewels



VICTORIA PLC

Operating and Financial Review continued

Key performance indicators (KPI's)

The KPI's monitored by the Group Board are set out in the table below for the year ended 29 March 2014.

	2014	2013	2012
Sales growth (constant currency)	6.8%	-7.9%	4.6%
Operating margin (pre exceptional items)	3.6%	-0.6%	3.5%
Return on operating assets (pre exceptional items)	7.1%	-0.9%	5.6%
Earnings/(loss) per share (basic adjusted)	27.1p	-11.0p	23.7p
Net debt to EBITDA*	0.3 times	3.3 times	1.4 times
Interest cover (against EBITDA*)	9.7 times	4.8 times	12.1 times

* Earnings before interest, tax, depreciation, amortisation and exceptional items.

Principal risks and uncertainties

The principal risks facing the business are set out as follows:

Competition

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

Global Economic conditions

The operating and financial performance of the Group is influenced by economic conditions in the geographic areas it operates, particularly the UK, Eurozone, Australia and the USA. The Group remains focussed on driving operational efficiency improvements, cost reductions and ongoing product development to adapt to the current market and economic conditions.

Key input prices

Material adverse changes in certain raw material prices, in particular wool prices, could affect the Group's profitability. These prices are closely monitored and forward contracts placed to help manage shorter term volatility.

Geoffrey Wilding
Executive Chairman
28 August 2014

Directors

Geoffrey Wilding

Executive Chairman

Geoff Wilding BSc is a former investment banker. He set up his own investment company in New Zealand in 1989. He is also a director of Chorus Law Limited.

Geoff was appointed Executive Chairman at the General Meeting on 3 October 2012.

Alexander Anton

Non-executive Director

Alexander Anton, a member of the founding family of Victoria, was appointed to the main Board in 1995 and is a former Chairman. He is currently a Trustee of The Queen's Club, London and Chairman of Legacy Portfolio.

Alexander was appointed to the Board at the General Meeting on 3 October 2012.

Andrew Harrison

Non-executive Director

Andrew Harrison has more than 20 years experience as a solicitor in private practice, specialising in company law. He has advised on a wide variety of corporate transactions, including management buy-outs and buy-ins, corporate acquisitions and disposals and listed company take-overs.

Andrew was appointed to the Board at the General Meeting on 3 October 2012 and is the Senior Independent Non-executive Director.

Terry Danks

Executive Director

Appointed as Company Secretary to Victoria PLC in 1993 and appointed to the Board in May 2014. Terry joined Victoria Carpets in 1985 as Chief Accountant and has been responsible for both the accounting and IT function within that company. Terry was subsequently appointed as Finance Director of Victoria Carpets in 1989. Terry has a breadth of experience and knowledge of the industry and his high standards of financial control are invaluable to the Group.

VICTORIA PLC

Directors' Report

The Directors present their Annual Report and the audited financial statements for the Group for the year ended 29 March 2014.

Principal activities and business review

The Group's principal activities are the manufacture, distribution and sale of floorcoverings.

A review of the business during the financial year and its future development is included in the Strategic Report on pages 2 to 8.

Results and dividends

The results include those of Victoria PLC and its subsidiaries for the full year and are set out in the financial statements on pages 16 to 50.

	£000
Profit attributable to shareholders	1,725
Total dividend paid in the financial year	563
Retained Profit	1,162

A special dividend of £2.92 pence per share was paid to shareholders on 25 July 2014 following approval by shareholders at a General Meeting on 9 July 2014.

Consequently the Directors do not recommend the payment of a final dividend for the financial year ended 29 March 2014.

Financial risk management

Details of the Group's financial risk management policies are set out in Note 26.

Directors and their interests

The current Directors of the Company together with their biographical details are listed on page 9.

The Directors of the Company who held office at 29 March 2014 had the following interests in the Ordinary shares of the Company:

	29 Mar 2014		30 Mar 2013	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
Alexander Anton	**71,075***	**80,000**	71,075*	80,000
Geoff Wilding	**—**	**—**	—	—
Andrew Harrison	**—**	**—**	—	—

* This includes 47,500 shares held in trust of which Alexander Anton is the beneficiary

Alexander Anton is also deemed by the Panel on Takeovers and Mergers to form part of the concert party formed in December 2011. At 29 March 2014 the concert party held 22.5% of the issued shares in the Company.

In accordance with the Company's Articles of Association, the Director retiring by rotation at the 2014 Annual General Meeting is Andrew Harrison who, being eligible, offers himself for re-election pursuant to Article 86.

Also in accordance with the Company's Articles of Association, Terry Danks who was appointed on 15 May 2014 offers himself for election.

No Director, either during or at the end of the financial year, was materially interested in any significant contract with the Company or any subsidiary undertaking, with the exception of:

- A contract for differences ('CFD') between the Company and Geoffrey Wilding which received shareholder approval at a General Meeting on 20 February 2013. This was entered into on 19 April 2013 and remained in force at the year end.
- The CFD was subsequently terminated on 29 July 2014 (detailed further in Post Balance Sheet Events section below).

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year following approval at the 2005 AGM and which remain in force at the date of this report.

Directors' emoluments

The emoluments of all Directors for the financial year ended 29 March 2014 were:

	Salary/Fees £000	Benefits in kind £000	Bonus £000	**Total 2014 £000**	Total 2013 £000
Executive					
Geoffrey Wilding	65	—	—	**65**	45
Non-executive					
Alexander Anton	35	—	—	**35**	30
Andrew Harrison	35	—	—	**35**	17
Former Directors					
Alan Bullock (until 31 August 2012)	—	—	—	**—**	80
Ian Davies (until 8 August 2012)	—	—	—	**—**	61
Barry Poynter (until 31 August 2012)	—	—	—	**—**	109
Katherine Innes Ker (until 3 October 2012)	—	—	—	**—**	33
Sir Bryan Nicholson (until 8 August 2012)	—	—	—	**—**	12
David Garman (8 August 2012 to 3 October 2012)	—	—	—	**—**	6
Roger Hoyle (8 August 2012 to 31 August 2012)	—	—	—	**—**	2
	135	—	—	**135**	395

Directors' pension entitlements

None of the Directors who held office at 29 March 2014 were members of the money purchase schemes. Contributions paid by the Group in respect of such schemes in the prior year were:

	2014 £000	2013 £000
Alan Bullock (until 31 August 2012)	**—**	20
Ian Davies (until 8 August 2012)	**—**	8
Barry Poynter (until 31 August 2012)	**—**	10
	—	38

Directors' Report continued

Employees

Employees are encouraged to attend training courses and there is regular consultation with employee representatives to ensure that employees are informed of all matters affecting them. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Appropriate training within their capabilities is provided for disabled employees seeking career development. Employees who become disabled during their employment have continued in employment wherever possible.

Taxation status

The Directors are advised that the Company is not a 'close company' within the provisions of the Income and Corporation Taxes Act 1988.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Post balance sheet events

(a) Special Dividend

A special dividend of £2.92 pence per share was paid to shareholders on 25 July 2014, following approval by shareholders at a General Meeting on 9 July 2014.

(b) Contract for Differences ('CFD')

A CFD between the Company and Geoffrey Wilding was entered into on 19 April 2013, following shareholder approval at a General Meeting of the Company on 20 February 2013. The CFD was subsequently terminated further to satisfying the condition of returning £3 per share to shareholders. At a General Meeting held on 9 July 2014, shareholders approved the issue of 7,087,730 new shares in settlement of the liability under the CFD upon termination.

The shares were issued on 29 July 2014 to Camden Holdings Limited, a company owned by The Camden Trust, of which Geoffrey Wilding is the settlor and discretionary beneficiary. As a result of this, Camden Holdings Limited own 50% of the enlarged ordinary share capital.

(c) Castlemaine Spinning Mill

The Castlemaine spinning mill, in Australia, was closed during the first half of the financial year and ceased production by the end of June 2013. The property is shown under the heading "Assets held for sale" in the accounts at 29 March 2014 and was subsequently sold after the year-end for its written down value.

Auditor

Each person who is a Director at the date of approval of this Annual Report confirms that:

a. So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b. The Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any such relevant audit information and to establish that the Company's Auditor is aware of that information.

The above is in accordance with the provisions of Section 418 of the Companies Act 2006.

Nexia Smith & Williamson has expressed its willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Notice of the 2014 Annual General Meeting to be held on 24 September 2014, together with a description of the business to be discussed at the AGM, is set out in the accompanying Notice. The proposed resolutions relate to standard matters that are dealt with at every AGM.

On behalf of the Board

TDanks

Terry A Danks
Director and Secretary
28 August 2014

Corporate Governance Statement

As an AIM listed group, Victoria PLC is not required to comply with the UK Corporate Governance Code. The Group applies certain principles of good governance it believes appropriate to a group of its size.

On behalf of the Board

Terry A Danks
Director and Secretary
28 August 2014

VICTORIA PLC

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Director's 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS regulation and have also chosen to prepare the parent company financial statements under the IFRSs as adopted by the European Union. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 that the financial statements comply with IFRSs as adopted by the European Union 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 Group and 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 Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, and as regards the Group financial statements, Article 4 of the IAS Regulation. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.victoriaplc.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Terry A Danks
Director and Secretary
28 August 2014

Independent Auditor's Report
to the Members of Victoria PLC

We have audited the financial statements of Victoria PLC for the 52 weeks ended 29 March 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective Responsibilities of Directors and Auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 29 March 2014 and the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
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.

Nexia Smith & Williamson

Sancho Simmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Chartered Accountants and Statutory Auditor
25 Moorgate, London, EC2R 6AY, United Kingdom

28 August 2014

Consolidated Income Statement

For the 52 weeks ended 29 March 2014

		Notes	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 Re-stated £000
Continuing operations				
Revenue		1	**71,386**	70,909
Cost of sales			**(50,544)**	(53,679)
Gross profit			**20,842**	17,230
Distribution costs			**(13,804)**	(14,041)
Administrative expenses			**(7,914)**	(6,230)
Other operating income		2	**3,688**	168
Operating profit/(loss)			**2,812**	(2,873)
Analysed between:				
Operating profit/(loss) before exceptional items		1	**2,581**	(498)
Exceptional items		1,2	**231**	(2,375)
Finance costs		3	**(531)**	(465)
Profit/(loss) before tax		1,4	**2,281**	(3,338)
Taxation		6	**(672)**	738
Profit/(loss) for the period from continuing operations			**1,609**	(2,600)
Profit/(loss) for the period from discontinued operations		1,14	**116**	(182)
Profit/(loss) for the period			**1,725**	(2,782)
Earnings/(loss) per share — pence	basic	8	**24.52**	(39.56)
	diluted	8	**24.52**	(39.56)
Earnings/(loss) per share from continuing operations — pence	basic	8	**22.87**	(36.97)
	diluted	8	**22.87**	(36.97)

The prior year Consolidated Income Statement was re-stated due to the sale of Colin Campbell & Sons Limited, which is now shown separately under discontinued operations.

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 29 March 2014

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Exchange differences on translation of foreign operations	**(5,078)**	1,597
Amounts which may be subsequently reclassified to profit or loss	**(5,078)**	1,597
Profit/(loss) for the period	**1,725**	(2,782)
Total comprehensive loss for the period	**(3,353)**	(1,185)

Consolidated and Company Balance Sheets
As at 29 March 2014

		Group		Company	
	Notes	**29 March 2014 £000**	30 March 2013 £000	**29 March 2014 £000**	30 March 2013 £000
Non-current assets					
Goodwill	10	**2,735**	—	**—**	—
Intangible assets	11	**4,953**	248	**—**	—
Property, plant and equipment	12	**18,681**	23,778	**—**	4,966
Investment property	13	**180**	180	**180**	180
Investment in subsidiary undertakings	13	**—**	—	**27,126**	3,322
Deferred tax asset	19	**1,441**	1,323	**285**	—
Total non-current assets		**27,990**	25,529	**27,591**	8,468
Current assets					
Inventories	15	**21,203**	20,866	**—**	—
Trade and other receivables	16	**13,964**	11,163	**16,177**	4,281
Current tax assets		**—**	361	**—**	—
Cash at bank and in hand		**15,192**	1,091	**13,151**	—
Assets held for sale	12,14	**547**	389	**—**	56
Total current assets		**50,906**	33,870	**29,328**	4,337
Total assets		**78,896**	59,399	**56,919**	12,805
Current liabilities					
Trade and other payables	17	**17,496**	9,624	**3,128**	229
Current tax liabilities		**1,162**	—	**—**	—
Other financial liabilities	18	**5,406**	7,709	**5,267**	4,246
Total current liabilities		**24,064**	17,333	**8,395**	4,475
Non-current liabilities					
Trade and other payables	17	**7,716**	1,954	**6,804**	—
Other financial liabilities	18	**11,267**	890	**9,733**	500
Deferred tax liabilities	19	**1,210**	749	**—**	471
Total non-current liabilities		**20,193**	3,593	**16,537**	971
Total liabilities		**44,257**	20,926	**24,932**	5,446
Net assets		**34,639**	38,473	**31,987**	7,359
Equity					
Share capital	20	**1,772**	1,758	**1,772**	1,758
Share premium	21	**909**	829	**909**	829
Retained earnings	21	**31,958**	35,724	**29,306**	4,669
Share-based payment reserve	21	**—**	162	**—**	103
Total equity		**34,639**	38,473	**31,987**	7,359

Company Registered Number (England & Wales) 282204

The financial statements on pages 16 to 50 were approved by the Board of Directors and authorised for issue on 28 August 2014.

They were signed on its behalf by:

Geoffrey Wilding
Executive Chairman

Our Financials

VICTORIA PLC

Consolidated Statement of Changes in Equity

For the 52 weeks ended 29 March 2014

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
At 31 March 2013	1,758	829	35,724	162	38,473
Profit for the period	—	—	1,725	—	1,725
Other comprehensive loss for the period	—	—	(5,078)	—	(5,078)
	1,758	829	32,371	162	35,120
Transactions with owners:					
Dividends paid	—	—	(563)	—	(563)
Movement in share based payment reserve	—	—	—	(12)	(12)
Transfer of share based payment reserve to retained earmings	—	—	150	(150)	—
Issue of share capital in connection with exercise of share options under LTIP plan	14	80	—	—	94
At 29 March 2014	**1,772**	**909**	**31,958**	—	**34,639**
At 1 April 2012	1,736	829	37,575	180	40,320
Loss for the period	—	—	(2,782)	—	(2,782)
Other comprehensive income for the period	—	—	1,597	—	1,597
	1,736	829	36,390	180	39,135
Transactions with owners:					
Dividends paid	—	—	(627)	—	(627)
Movement in share-based payment reserve	—	—	—	(18)	(18)
Deferred tax on share option scheme	—	—	(39)	—	(39)
Issue of share capital in connection with exercise of share options under LTIP plan	22	—	—	—	22
At 30 March 2013	1,758	829	35,724	162	38,473

Company Statement of Changes in Equity

For the 52 weeks ended 29 March 2014

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
At 31 March 2013	1,758	829	4,669	103	7,359
Profit for the period	—	—	25,097	—	25,097
	1,758	829	29,766	103	32,456
Transactions with owners:					
Dividends paid	—	—	(563)	—	(563)
Transfer of share based payment reserve to retained earnings	—	—	103	(103)	—
Issue of share capital in connection with exercise of share options under LTIP plan	14	80	—	—	94
At 29 March 2014	**1,772**	**909**	**29,306**	—	**31,987**
At 1 April 2012	1,736	829	5,802	113	8,480
Loss for the period	—	—	(467)	—	(467)
	1,736	829	5,335	113	8,013
Dividends paid	—	—	(627)	—	(627)
Movement in share-based payment reserve	—	—	—	(10)	(10)
Deferred tax on share option scheme	—	—	(39)	—	(39)
Issue of share capital in connection with exercise of share options under LTIP plan	22	—	—	—	22
At 30 March 2013	1,758	829	4,669	103	7,359

Consolidated and Company Statements of Cash Flows

For the 52 weeks ended 29 March 2014

		Group		Company	
	Notes	**52 weeks ended 29 March 2014 £000**	52 weeks ended 30 March 2013 £000	**52 weeks ended 29 March 2014 £000**	52 weeks ended 30 March 2013 £000
Net cash inflow/(outflow) from operating activities	23	**7,093**	1,611	**13,263**	(1,049)
Investing activities					
Purchases of property, plant and equipment		**(531)**	(850)	**—**	—
Dividend received from Colin Campbell & Sons Limited		**179**	—	**179**	—
Proceeds from disposal of Colin Campbell & Sons Limited		**324**	—	**324**	—
Proceeds on disposal of property, plant and equipment		**11,696**	96	**5,600**	8
Acquisition of subsidiary, net of cash acquired, at Group level		**(12,176)**	—	**(16,000)**	—
Net cash (used)/generated in investing activities		**(508)**	(754)	**(9,897)**	8
Financing activities					
Increase in long term loans		**10,488**	500	**9,233**	500
Issue of share capital		**94**	—	**94**	—
Repayment of obligations under finance leases/HP		**(14)**	(327)	**—**	—
Dividends paid		**(563)**	(627)	**(563)**	(627)
Net cash generated/(used) in financing activities		**10,005**	(454)	**8,764**	(127)
Net increase/(decrease) in cash and cash equivalents		**16,590**	403	**12,130**	(1,168)
Cash and cash equivalents at beginning of period		**(6,475)**	(6,920)	**(4,246)**	(3,078)
Effect of foreign exchange rate changes		**(190)**	42	**—**	—
Cash and cash equivalents at end of period	24	**9,925**	(6,475)	**7,884**	(4,246)

Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations and the parts of the Companies Act 2006 that apply to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value in accordance with IAS39. Land and buildings were professionally valued at 4 April 2004 and this valuation was adopted as deemed cost on adoption of IFRS. The accounting policies have been applied consistently in the current and prior year. The principal accounting policies adopted are set out below.

Basis of preparation

The consolidated financial statements have been prepared on a going concern-basis. The Strategic Report on page 7 sets out the justification for this basis of preparation.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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 consolidated income statement from the effective date of acquistion or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transfered to the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the asset transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

Costs related to acquisition, other those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Segmental Reporting

The Group's internal organisation and management structure and its system of internal financial reporting to the Board of Directors are based on the geographical locations of its businesses. The chief operating decision-maker has been identified as the Board of Directors.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Investment Property

The investment properties are valued on an historical cost basis, having been professionally valued at 4 April 2004 on adoption of IFRS, and is considered to be the deemed cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are despatched.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Where sale and operating leaseback transactions are entered into, the transaction is treated as a disposal and any profit or loss is recognised immediately in the income statement. The determination of the treatment of the subsequent leasing arrangement is dependent on whether substantially all of the risks and rewards of ownership are transferred to the lessee.

Foreign currencies
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in equity. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Sterling using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Government grants
Government grants relating to property, plant and equipment are treated as deferred income, and released to profit or loss over the expected useful lives of the assets concerned. Other government grants, including those towards staff training costs, are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Retirement benefit costs
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Significant Accounting Policies continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their deemed cost, being the fair value at the date of adoption of IFRS, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation on buildings is charged to profit or loss.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, less any anticipated residual value, over their estimated useful lives.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The expected useful lives of assets are:

Buildings 50 years
Plant and equipment 3 to 20 years
Fixtures and equipment 3 to 20 years
Motor vehicles 4 to 5 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

i. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their value at the acquisition date, which is regarded as their cost.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

ii. **Amortisation of intangible assets**
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Amortisation commences from the date the intangible asset becomes available for use.

iii. **Derecognition of intangible assets**
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

iv. **Impairment of tangible and intangible assets**
At each balance sheet date, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Share-based payments
The Group has applied the requirements of IFRS 2 Share-based payment. In accordance with IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

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

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The liability in respect of equity-settled amounts is included in equity.

Exceptional Items
Non-recurring transactions which are material by virtue of their size or incidence are disclosed as exceptional items.

Significant Accounting Policies continued

Financial instruments

(a) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending on the purpose for which the asset was acquired. Although the Group occasionally uses derivative financial instruments in economic hedges of currency rate risk, it does not hedge account for these transactions. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

i. Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) and deposits held at banks but may also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost less provision for impairment, where appropriate.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable; the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within distribution expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

ii. Fair value through profit or loss

This category comprises only "in the money" foreign exchange derivatives to the extent that they exist (see (b)(ii) for "out of the money" derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense. Other than these derivative financial instruments, the Group does not have any assets held for trading nor has it designated any financial assets as being at fair value through profit or loss.

The fair value of the Group's foreign exchange derivatives is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturity of the contracts.

(b) Financial liabilities

The Group classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. Although the Group uses derivative financial instruments in economic hedges of currency risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

i. **Financial liabilities measured at amortised cost**

These liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.
- Bank borrowings and loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost. Interest is recognised as a finance expense in the income statement.

ii. **Fair value through profit or loss**

This category comprises only "out of the money" derivatives to the extent that they exist (see (a)(ii) for "in the money" derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

The methods used for calculating the fair value of the Group's interest rate and foreign exchange derivatives have been described in (a)(ii) above.

Also included within this category is a CFD, which is carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense.

(c) Share Capital

The Group's Ordinary shares are classified as equity instruments. Share capital includes the nominal value of the shares. Any share premium attaching to the shares are shown as share premium.

Adoption of new and revised standards

"IFRS 13, Fair value measurement" and "IAS 1 (Amendment) Presentation of financial statements" have been adopted in the year but they have only had a presentation and disclosure impact on these financial statements.

Other than this, there have only been minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time in the current financial year that have been adotped by the Group. These have had no impact on its consolidated results or financial position.

Standards, amendments and interpretations that are expected to be effective for periods beginning on or after 1 April 2014 for standards, amendments subject to EU endorsement:

- IFRS 10, Consolidated financial statements
- IFRS 12, Disclosure of interests in other entities
- IFRS 15, Revenue from contracts with customers (effective for periods beginning on or after 1 January 2017, subject to EU endorsement)
- IAS27 (Revised), Separate financial statements

The Directors are currently assessing the impact of these on the Group's results, assets and liabilities. The Directors do not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the Accounts

1 Segmental information

The Group is organised into two operating divisions, the sale of floorcovering products in the UK and Australia.

Geographical segment information for revenue, operating profit/(loss) and a reconciliation to entity net profit/(loss) is presented below.

Income statement

	For the 52 weeks ended 29 March 2014					For the 52 weeks ended 30 March 2013				
	Revenue £000	Segmental operating profit £000	Exceptional operating items £000	Finance costs £000	Profit before tax* £000	Revenue £000	Segmental operating (loss)/profit £000	Exceptional operating items £000	Finance costs £000	Loss before tax* £000
UK	33,047	1,577	—	(9)	1,568	27,729	(1,820)	(442)	(206)	(2,468)
Australia	38,339	1,686	1,824	(138)	3,372	43,180	2,027	(1,082)	(154)	791
	71,386	3,263	1,824	(147)	4,940	70,909	207	(1,524)	(360)	(1,677)
Unallocated central expenses		(682)	(1,593)	(384)	(2,659)		(705)	(851)	(105)	(1,661)
Total continuing operations	71,386	2,581	231	(531)	2,281	70,909	(498)	(2,375)	(465)	(3,338)
Tax					(672)					738
Profit/(loss) after tax from continuing activities					1,609					(2,600)
Profit(loss) from discontinued operations*		5	111		116		77	(259)		(182)
Profit/(loss) for the period	71,386	2,586	342	(531)	1,725	70,909	(421)	(2,634)	(465)	(2,782)

* Profit/(loss) from discontinued operations relates to the Canadian operation Colin Campbell & Sons Limited, which was sold on 28 March 2014. The result is shown net of tax.

Intersegment sales between the UK and Australia were immaterial in the current and comparative periods.

Management information is reviewed on a segmental basis to profit/(loss) before tax.

1 Segmental information continued

Balance Sheet

	As at 29 March 2014		As at 30 March 2013	
	Segment assets £000	Segment liabilities £000	Segment assets £000	Segment liabilities £000
UK	55,877	24,739	22,203	7,965
Australia	22,000	11,022	36,627	7,912
Assets held for sale	547	—	389	—
Unallocated central assets/liabilities	472	8,496	180	5,049
	78,896	44,257	59,399	20,926

Assets held for sale relates to the Castlemaine spinning mill in Australia which was sold in May 2014. The prior year figure relates to the Canadian operation Colin Campbell & Sons Limited which was sold on 28 March 2014.

Other segmental information

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Depreciation and amortisation		
UK	904	792
Australia	1,650	1,960
	2,554	2,752

No other significant non-cash expenses were deducted in measuring segment results.

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Capital expenditure		
UK	304	593
Australia	227	257
	531	850

Our Financials

Notes to the Accounts continued

2. Exceptional Items from continuing operations

		52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2014 £000
(a)	Contract for Differences	(1,631)	—
(b)	Profit on sale of properties	3,297	—
(c)	Restructuring of Australia's spinning mills	(780)	(869)
(d)	Acquisition costs	(655)	—
(e)	Move to AIM	—	(233)
(f)	Incentive plan	—	(227)
(g)	General Meeting costs	—	(604)
(h)	Write off of certain intangible assets	—	(442)
		231	(2,375)

All exceptional items are classified within administrative expenses (except where noted).

(a) Relates to the fair value of the Contract for Differences between the Company and Geoffrey Wilding signed in April 2013, including related professional fees of £26,000. The contract was terminated on 28 July 2014 and resulted in the issue of 7,087,730 new shares to Geoffrey Wilding (through Camden Holdings Limited) on 29 July 2014 as detailed in note 30 'Post balance sheet events'.

(b) Relates to the profit from the sale and leaseback of Australia's carpet manufacturing facility and spinning mill in Bendigo, and the profit from the sale and leaseback of the carpet manufacturing facility in Kidderminster, UK. This profit is included as part of other operating income.

(c) Relate to costs associated with the "right-sizing" and reorganising the two spinning mills to meet reduced volume requirements as a result of declining demand for woollen yarns. The smaller of the two spinning mills was closed during the first half of the financial period and ceased production by the end of June 2013. The property is shown under the heading 'assets held for sale' in the accounts at 29 March 2014 and was subsequently sold after the year end for its written down value.

(d) Relate to professional fees in connection with the acquisition of Globesign Limited in December 2013.

(e) Relate to costs incurred in the move from the Official List to the AIM market of the London Stock Exchange.

(f) Relate to professional fees in connection with a proposed incentive remuneration plan subsequently withdrawn.

(g) Relate to costs in connection with various General Meetings of the Company, resulting in changes to the Board composition.

(h) Relates to the write off of intangible assets held in relation to 1) the acquisition of certain assets of C&H Distribution and 2) the Munster brand in respect to the UK contract market where it is no longer used. Refer to Note 11 'Intangible assets' for further detail.

3. Finance costs

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Interest on loans and overdrafts wholly repayable within five years	500	426
Hire purchase and finance lease interest	31	39
	531	465

4 Profit/(loss) on ordinary activities before taxation

	2014 £000	2013 £000
After charging/(crediting)		
Net foreign exchange losses/(gains)	152	(479)
Depreciation of property, plant and equipment (see Note 12)	2,484	2,700
Amortisation of intangible assets (see note 11)	70	52
Staff costs (see note 5)	19,565	18,795
Cost of inventories recognised as an expense	50,544	53,679
(Profit)/loss on sale of fixed assets	(3,324)	13
Government grants (see note 25)	(315)	(369)
Operating lease rentals	495	555
Auditors' remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	16	16
The audit of the Company's subsidiaries pursuant to legislation	69	54
Total audit fees	85	70
Other services pursuant to legislation	54	—
Tax services	13	6
Total non-audit fees	67	6

5 Staff Costs

	2014 £000	2013 £000
Wages and salaries	17,300	16,203
Social security costs	1,242	1,134
Other pension costs	1,023	1,160
Termination benefits	—	298
	19,565	18,795

Directors' remuneration is included as part of the staff costs above. Directors' remuneration is disclosed separately in the Directors' Report on page 11 and forms part of these financial statements.

Termination benefits in 2013 were in respect of former directors Mr A Bullock and Mr B Poynter.

Notes to the Accounts continued

5 Staff Costs continued

Average number employed (including executive directors of subsidiaries)

	2014	2013
Directors	11	10
Sales and Marketing	68	74
Production	378	333
Logistics	53	47
Maintenance	33	37
Finance, IT and Administration	42	41
	585	542

Pension costs

The Group operates a number of money purchase pension schemes. The companies and the employees contribute towards the schemes.

The total pension cost for the Group was £1,023,000 (2013: £1,160,000), of which £345,000 (2013: £364,000) relates to the UK schemes. The total contributions outstanding at year end was £nil (2013: nil).

6 Tax

	2014 £000	2013 £000
Current tax		
— Current year UK	168	—
— Current year overseas	1,243	165
— Adjustments in respect of prior years	(2)	(52)
	1,409	113
Deferred tax (note 19)		
— Credit recognised in the current year	(836)	(854)
— Adjustments in respect of prior years	30	12
— Effect of rate change	69	(9)
	(737)	(851)
Total tax	672	(738)

Corporation tax is calculated at 23% and 30% (2013: 24% and 30%) of the estimated assessable profit/(loss) for the year in the UK and Australia respectively.

6 Tax continued

The tax charge/(credit) for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2014 £000	2014 %	2013 £000	2013 %
Profit/(loss) before tax	**2,397**		(3,520)	
Tax at the UK corporation tax rate of 23% (2013: 24%)	**551**	**23.0**	(845)	24.0
Tax effect of investment in Colin Campbell & Sons Limited (discontinued operation)	**(1)**	**(0.0)**	44	(1.3)
Tax effect of items that are not deductible/non taxable in determining taxable profit	**591**	**24.6**	38	(1.1)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**234**	**9.7**	53	(1.5)
Effect of change in rate	**69**	**2.9**	(9)	0.3
Movement in deferred tax on revalued land no longer required	**(947)**	**(39.5)**	(6)	0.2
Crystallisation of rollover gain on plant and machinery	**29**	**1.2**	—	—
Profit on disposal of UK property non taxable	**(159)**	**(6.6)**	—	—
Profit on sale of Colin Campbell & Sons Limited non taxable	**(14)**	**(0.6)**	—	—
Tax adjustments in relation to share options	**(2)**	**(0.1)**	22	(0.6)
Tax losses not recognised for deferred tax	**293**	**12.2**	5	(0.1)
Adjustments to prior periods	**28**	**1.2**	(40)	1.1
Tax expense/(credit) and effective tax rate for continuing operations	**672**	**28.0**	(738)	21.0

7 Dividends

	2014 £000	2013 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 30 March 2013 paid during the period		
6.0p per share (2013: 7.0p)	**422**	486
Interim dividend for the year ended 29 March 2014 paid during the period 2.0p per share (2013: 2.0p)	**141**	141
	563	627
Proposed final dividend for the year ended 29 March 2014 of 0.0p per share (2013: 6.0p)	**—**	422

A special dividend of 292p per share was paid on 25 July 2014. The total value of the dividend paid was £20.7m. The special dividend is further detailed in note 30 'Post balance sheet events'.

Notes to the Accounts continued

8. Earnings/(loss) per share

The calculation of the basic, adjusted and diluted earnings/(loss) per share is based on the following data:

	Basic 2014 £000	Adjusted 2014 £000	Basic 2013 £000	Adjusted 2013 £000
Profit/(loss) attributable to ordinary equity holders of the parent entity	1,725	1,725	(2,782)	(2,782)
Exceptional items (net of tax effect):				
Profit on sale of Australia properties	—	(1,823)	—	—
Profit on sale of UK property	—	(693)	—	—
Contract for Differences	—	1,631	—	—
Profit on sale of investment in Colin Campbell & Sons Limited	—	(111)	—	—
Acquisition costs	—	633	—	—
Restructuring of Australia's spinning mills	—	546	—	608
Move to AIM	—	—	—	177
Incentive plan	—	—	—	173
General Meeting costs	—	—	—	459
Write off of certain intangible assets	—	—	—	336
Impairment of investment in associate company	—	—	—	259
Earnings for the purpose of basic and adjusted earnings per share	1,725	1,908	(2,782)	(770)
Earnings for the purpose of basic and adjusted earnings per share from continuing operations	1,609	1,792	(2,600)	(588)

Weighted average number of shares

	2014 Number of shares ('000)	2013 Number of shares ('000)
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	7,036	7,033

The Group's earnings/(loss) per share are as follows:

	2014 Pence	2013 Pence
Basic adjusted and diluted adjusted	27.12	(10.95)
Basic and diluted	24.52	(39.56)
Basic adjusted and diluted adjusted from continuing operations	25.47	(8.36)
Basic and diluted from continuing operations	22.87	(36.97)

The issue of 7,087,730 new shares post year-end on the 29 July would have reduced the Group's earnings per share by 50% had they been in place from the start of the financial period. The new share issue is further detailed in note 30 'Post balance sheet events'.

9 Rates of exchange

The results of overseas subsidiaries have been translated into Sterling at the average exchange rates prevailing during the periods. The balance sheets are translated at the exchange rates prevailing at the period ends:

	2014		2013	
	Average	Year-end	Average	Year-end
Australia — A$	1.7057	1.7988	1.5317	1.4565
Canada — C$	1.6816	1.8401	1.5841	1.5427

10 Goodwill

	2014 £000	2013 £000
At cost	2,735	—

The goodwill has been generated from the acquisition of Globesign Limited in December 2013 and is included within the UK segment.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill has been determined based on a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The discount rate of 18.14% is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the market in which Globesign operates. The calculation uses cash flow projections extrapolated from the budget for the year ending 28 March 2015. A terminal value was calculated based on a terminal growth rate assumption of 2.5%.

As at 29 March 2014 no impairment provision was considered necessary.

Goodwill comprises intangible assets that do not qualify for separate recognition, in particular the existing workforce. None of the goodwill is expected to be tax deductible.

11 Intangible assets

		Customer Relationships £000	Brand Names £000	C&H Distribution Limited £000	Group Total £000
Cost	At 1 April 2012	323	322	400	1,045
	Exchange differences	—	—	—	—
	At 30 March 2013	323	322	400	1,045
	At 31 March 2013	323	322	400	1,045
	Additions (see Note 22)	2,291	2,484	—	4,775
	Exchange differences	—	—	—	—
	Intangible assets derecognised	(75)	(75)	(400)	(550)
	At 29 March 2014	**2,539**	**2,731**	**—**	**5,270**
Amortisation	At 1 April 2012	147	146	10	303
	Exchange differences	—	—	—	—
	Charges for the period	16	16	20	52
	Impairment	36	36	370	442
	At 30 March 2013	199	198	400	797
	At 31 March 2013	199	198	400	797
	Exchange differences	—	—	—	—
	Charges for the period	40	30	—	70
	Intangible assets derecognised	(75)	(75)	(400)	(550)
	At 29 March 2014	**164**	**153**	**—**	**317**
Net book value	**At 29 March 2014**	**2,375**	**2,578**	**—**	**4,953**
	At 30 March 2013	124	124	—	248
	At 31 March 2012	176	176	390	742

Notes to the Accounts continued

11 Intangible assets continued

The intangible assets brought forward at 31 March 2012 were acquired with the trade and assets of Munster Carpets and Navan Carpets and relate to customer lists acquired and the brand names. They are amortised over 20 years.

The addition of £4,775,000 of intangibles in the current period is in respect of the acquisition of Globesign Limited in December 2013 and comprises £2,484,000 for the brand name (Westex Carpets) and £2,291,000 for the customer list. The brand name is being amortised over 35 years and the customer list over 20 years.

The amortisation charge is included within administrative expenses in the Income Statement.

12 Property, plant and equipment

	Property, plant and equipment						
	Group				Company		
	Freehold land and buildings £000	Plant and machinery £000	Fixtures, vehicles and equipment £000	Total £000	Freehold land and buildings £000	Fixtures, vehicles and equipment £000	Total £000
Cost							
At 1 April 2012	11,780	44,975	3,464	60,219	5,506	37	5,543
Exchange differences	283	1,634	118	2,035	—	—	—
Additions	—	97	753	850	—	—	—
Disposals	—	(257)	(808)	(1,065)	—	(37)	(37)
At 30 March 2013	12,063	46,449	3,527	62,039	5,506	—	5,506
At 31 March 2013	12,063	46,449	3,527	62,039	5,506	—	5,506
Exchange differences	(795)	(5,574)	(400)	(6,769)	—	—	—
Acquisition	7,396	459	220	8,075	—	—	—
Additions	10	144	377	531	—	—	—
Transfers	275	(275)	—	—	—	—	—
Assets transferred to 'assets held for sale' (See Note 14)	(955)	—	—	(955)	—	—	—
Disposals	(9,115)	(149)	(195)	(9,459)	(5,506)	—	(5,506)
At 29 March 2014	**8,879**	**41,054**	**3,529**	**53,462**	**—**	**—**	**—**
Accumulated depreciation							
At 1 April 2012	942	31,814	2,485	35,241	480	36	516
Exchange differences	19	1,178	79	1,276	—	—	—
Charge for the year	122	2,218	360	2,700	60	—	60
Disposals	—	(251)	(705)	(956)	—	(36)	(36)
At 30 March 2013	1,083	34,959	2,219	38,261	540	—	540
At 31 March 2013	1,083	34,959	2,219	38,261	540	—	540
Exchange differences	(74)	(4,125)	(270)	(4,469)	—	—	—
Charge for the year	258	1,881	345	2,484	60	—	60
Transfers	231	(231)	—	—	—	—	—
Assets transferred to 'assets held for sale' (See Note 14)	(408)	—	—	(408)	—	—	—
Disposals	(815)	(108)	(164)	(1,087)	(600)	—	(600)
At 29 March 2014	**275**	**32,376**	**2,130**	**34,781**	**—**	**—**	**—**
Net Book Value							
At 29 March 2014	**8,604**	**8,678**	**1,399**	**18,681**	**—**	**—**	**—**
At 30 March 2013	10,980	11,490	1,308	23,778	4,966	—	4,966
At 31 March 2012	10,838	13,161	979	24,978	5,026	1	5,027

12 Property, plant and equipment continued

Included within fixed assets are the following:

	Group fixtures, vehicles and equipment £000
Held under finance leases:	
Cost at 29 March 2014	650
Accumulated depreciation at 29 March 2014	257
Depreciation charged in year	118

Held under finance leases:	
Cost at 30 March 2013	729
Accumulated depreciation at 30 March 2013	220
Depreciation charged in year	143

There were no assets under hire purchase agreement at 29 March 2014 or 30 March 2013.

Capital expenditure authorised and committed at the period end:

	Group	
	2014 £000	2013 £000
Contracts placed	–	6

The Company held no assets under finance lease or hire purchase agreements and had no capital commitments at either year end.

13 Fixed asset investments

		Group		Company	
	Note	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Investment property	(a)	**180**	180	**180**	180
Investment in subsidiaries	(b)	**–**	–	**27,126**	3,322

a) Investment property

Investment property relates to land, therefore no depreciation charge has been applied.

b) Investment in subsidiaries

The investment represents shares in subsidiaries at cost.

Victoria PLC owns directly or indirectly the whole of the allotted ordinary share capital of the following principal subsidiary companies.

	Country of incorporation and operation	Nature of business
Victoria Carpets Limited	England	Carpet manufacture
Westwood Yarns Limited	England	Yarn manufacture
Globesign Limited	England	Holding Company
Westex (Carpets) Limited	England	Carpet manufacture
The Victoria Carpet Company Pty Limited	Australia	Carpet manufacture

Our Financials

Notes to the Accounts continued

14 Assets held for sale

(a) During the year, the Company acquired the remaining 50% interest in Colin Campbell & Sons Limited, which was subsequently sold on the 28 March 2014.

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Cost of investment	**101**	101	**101**	101
Return of capital	**(45)**	(45)	**(45)**	(45)
Share of post-acquisition profits (retained by Colin Campbell & Sons Limited)	**416**	592	**—**	—
Impairment of investment in associate company	**(259)**	(259)	**—**	—
Proceeds on disposal	**324**	—	**324**	—
Profit on disposal	**111**	—	**268**	—
(a) Investment in Colin Campbell & Sons Limited sold during the year	**—**	389	**—**	56
(b) The Castlemaine mill in Australia was sold post year end for proceeds amounting to net book value	**547**	—	**—**	—
	547	389	**—**	56

15 Inventories

	Group 2014 £000	Group 2013 £000
Raw materials	**4,296**	6,454
Work-in-progress	**1,957**	673
Finished goods	**14,950**	13,739
	21,203	20,866

The Company held no inventories at either year end. There is no material difference between the balance sheet value of inventories and their replacement cost.

16 Trade and other receivables

Amounts falling due within one year:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Trade debtors	**12,807**	10,667	**—**	—
Amounts owed by subsidiaries	**—**	—	**15,693**	4,213
Amounts owed by associated company	**—**	106	**—**	—
Other debtors	**14**	55	**—**	—
Prepayments and accrued income	**1,143**	335	**484**	68
	13,964	11,163	**16,177**	4,281

The average credit period taken on sale of goods is 54 days (2013: 55 days). No interest is charged on past due receivables.

Amounts owed by subsidiaries to the Company are not considered to be impaired.

The above amounts are stated net of an allowance (net of VAT) of £218,000 (2013: £212,000) made for estimated irrecoverable amounts from sale of goods. The movement of this allowance account during the year is summarised below:

16 Trade and other receivables continued

	2014 £000	2013 £000
Opening balance at 31 March 2013	212	174
Increase in provisions	196	103
Written off against provisions	(159)	(64)
Recovered amounts	(8)	(6)
Exchange differences	(23)	5
Closing balance at 29 March 2014	218	212

An analysis of the age of trade receivables that are past due at the reporting date but not impaired can be seen in the table below:

	2014 £000	2013 £000
1–30 days overdue	1,241	2,687
31–60 days overdue	117	78
> 60 days overdue	216	94
Total	1,574	2,859

An analysis of the age of impaired trade receivables is as follows:

	2014 £000	2013 £000
1–30 days overdue	99	185
31–60 days overdue	4	19
> 60 days overdue	118	197
Total	221	401

The main factors in assessing the impairment of trade receivables are the age of the balance and the circumstances of the individual customer. The directors consider that the carrying amount of all receivables, including those impaired, approximate to their fair value.

17 Trade and other payables

Amounts falling due within one year:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade creditors	9,554	5,075	—	—
Amounts due to subsidiaries	—	—	32	32
Other creditors	3,827	2,269	1,000	—
Accruals	2,213	1,910	491	197
Fair value of Contract for Differences	1,605	—	1,605	—
Deferred income	297	370	—	—
	17,496	9,624	3,128	229

The Contract for Differences charge of £1.61m represents the fair value assessment of the contract as at the year end date. The CFD has been fair valued using a market approach at 29 March 2014, being the best estimate for future share price under the efficient market hypothesis. The calculation was based on the principles of the contract and the market capitalisation as at the year end. Also taken into account were a number of conditions still to be met before the contract could be exercised. The conditions were eventually satisfied in July 2014, resulting in the issue of 7,087,730 shares. Under IFRS 13 Fair Value Measurement of the CFD is classified under the fair value hierarchy as Level 3. The fair value of the CFD will be sensitive to future changes in the share price of the Company.

Notes to the Accounts continued

17 Trade and other payables continued

Amounts falling due after one year:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Other creditors	6,875	550	6,804	—
Deferred income	841	1,404	—	—
	7,716	1,954	6,804	—

Other creditors (Group and Company) includes an estimate for contingent earn-out liability of £7,804,000 in connection with the acquisition of Globesign Limited, with £1,000,000 estimated as due within one year and £6,804,000 due after one year. Under IFRS 13 Fair Value Measurement this is classified under the fair value hierarchy as Level 3. Deferred income relates to government grants as shown in note 25.

18 Other financial liabilities

Amounts falling due within one year:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Bank loans and overdrafts	5,267	7,566	5,267	4,246
Hire purchase and finance lease creditors	139	143	—	—
	5,406	7,709	5,267	4,246

Amounts falling due after more than one year:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Bank Loans				
— Between one and two years	4,023	500	2,768	500
— Between two and five years	6,965	—	6,965	—
Hire purchase and finance lease obligations payable				
— Between one and two years	164	163	—	—
— Between two and five years	115	227	—	—
	11,267	890	9,733	500

The loans falling due after more than one year are repayable as follows:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
— Between one and two years	4,023	500	2,768	500
— Between two and five years	6,965	—	6,965	—

The directors consider that the carrying amounts of other financial liabilities approximate to their fair value.

Bank borrowings in the United Kingdom are secured by way of debentures over the assets; however, the UK businesses were in a net cash position of £0.19m at the year-end (2013: net borrowings of £7.87m). Bank borrowings of the Australian subsidiary are secured by a general security agreement over its assets; the Australian company was in a net borrowing position of £1.25m at the year-end (2013: Net cash position of £1.00m).

The Company has guaranteed the bank borrowings of its UK subsidiaries and there is a Composite Accounting Agreement between the Company, Victoria Carpets Limited, Westwood Yarns Limited, Globesign Limited, Westex (Carpets) Limited and Barclays Bank PLC. At the 29 March 2014 the UK subsidiaries were in a net cash position under the Composite Accounting Agreement of £0.96m (2013: net debt position of £3.12m).

18 Other financial liabilities continued

The average effective interest rate of borrowings is set out in note 26 'Financial instruments'.

Operating lease arrangements
The Group and Company as lessee

Details of operating lease arrangements for the Group and Company are as follows:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Minimum lease payments under operating leases recognised in income statement for the year.	**668**	555	**1**	—

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
Minimum lease payments	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Within one year	**1,569**	456	**495**	—
In the second to fifth years inclusive	**5,521**	687	**1,988**	—
After five years	**11,926**	38	**7,425**	—
	19,016	1,181	**9,908**	—

	Group		Company	
Present value of minimum lease payments	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Within one year	**1,382**	401	**436**	—
In the second to fifth years inclusive	**3,695**	483	**1,290**	—
After five years	**3,544**	18	**1,655**	—
	8,621	902	**3,381**	—

Operating lease payments represent rentals payable by the Group and Company principally for vehicles and certain of its properties. Leases of vehicles are usually negotiated for a term of 3 to 5 years and rentals are fixed for the term of the lease. Leases of land and buildings are usually negotiated for 5 to 20 years.

19 Deferred taxation

	Group £000	Company £000
At 1 April 2012	282	784
Exchange adjustment	(44)	—
Credit to Income statement (Note 6)	(842)	(332)
Effect of rate change (Note 6)	(9)	(20)
Deferred tax on share option scheme taken to equity	39	39
At 30 March 2013	(574)	471
At 30 March 2013	**(574)**	**471**
Exchange adjustment	**157**	**—**
Credit to Income statement (Note 6)	**(806)**	**(756)**
Adjustment for acquisition of Globesign Limited	**(32)**	**—**
Effect of rate change (Note 6)	**69**	**—**
Deferred tax on intangible assets acquired	**955**	**—**
At 29 March 2014	**(231)**	**(285)**

Notes to the Accounts continued

19 Deferred taxation continued

The provision for deferred taxation is as follows:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Capital Allowances	**618**	1,361	**(1)**	567
Liability on recovering value through sale	**(188)**	429	**(77)**	304
Deferred grant income	**(341)**	(532)	**—**	—
Tax losses	**(838)**	(1,346)	**(207)**	(402)
Other timing differences	**518**	(486)	**—**	2
	(231)	(574)	**(285)**	471

The provision is based on taxation rates of 20% in the UK and 30% in Australia (2013: 23% and 30% respectively).

Effect on UK deferred tax balances of Proposed changes in the UK corporation tax rate

In the 2013 Budget, issued on 20 March 2013, the government announced that the main rate of corporation tax would be reduced to 20% with effect from 1 April 2015. This rate reduction was substantively enacted for financial reporting purposes on 2 July 2013. Accordingly, current tax has been provided for at a rate of 23% and deferred tax has been provided for at a rate of 20% in these financial statements.

Deferred tax assets and liabilities

The deferred tax balances shown on the balance sheet are:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Deferred tax liabilities	**1,210**	749	**—**	471
Deferred tax assets	**(1,441)**	(1,323)	**(285)**	—
	(231)	(574)	**(285)**	471

20 Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
7,087,730 Ordinary shares of 25p each (2013: 7,033,185)	**1,772**	1,758

The Company has one class of Ordinary shares which carry no right to fixed income.

The Company issued 54,545 fully paid ordinary shares of 25p each during the year ended 29 March 2014, in connection with the exercise of share options under the Company's Long Term Incentive Plan. These shares were settled in full at the option price.

Capital risk management

The Group considers its capital to comprise its Ordinary share capital, share premium, accumulated retained earnings and net debt. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions.

In order to achieve this objective, the Group monitors its gearing to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group is subjected to two financial covenants in connection with its UK bank facilities. These covenants are tested quarterly and were not breached during the year and have not been subsequently.

21 Reserves

i. Share Premium and Retained Earnings

	52 weeks ended 30 March 2013					52 weeks ended 29 March 2014			
	At 31 March 2012 £000	Income statement £000	Dividends paid £000	Other movements £000	At 30 March 2013 £000	Income statement £000	Dividends paid £000	Other movements £000	**At 29 March 2014 £000**
Group									
Share Premium	829	—	—	—	829	—	—	80	**909**
Profit and Loss Account	30,710	(2,782)	(627)	(39)	27,262	1,725	(563)	150	**28,574**
Adjustments arising out of consolidation:									
Goodwill	(1,533)	—	—	—	(1,533)	—	—	—	**(1,533)**
Exchange rates	8,398	—	—	1,597	9,995	—	—	(5,078)	**4,917**
Retained earnings	37,575	(2,782)	(627)	1,558	35,724	1,725	(563)	(4,928)	**31,958**
Company									
Share Premium	829	—	—	—	829	—	—	80	**909**
Retained earnings	5,802	(467)	(627)	(39)	4,669	25,097	(563)	103	**29,306**

The profit of the Company for the year determined in accordance with the Companies Act 2006 was £25,097,000 (2013: loss of £467,000). The Company is exempt under Section 408 of the Companies Act 2006 from presenting its own Income statement and Statement of Comprehensive Income.

ii. Share-Based Payment Reserve

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Balance at 30 March 2013	**162**	180	**103**	113
Movement in Income Statement in year	**—**	—	**—**	—
Issue of share capital through LTIP scheme- where net settled	**—**	(22)	**—**	(10)
Exchange rates	**(12)**	4	**—**	—
Transfer of share-based payment reserve to retained earnings	**(150)**	—	**(103)**	—
Balance at 29 March 2014	**—**	162	**—**	103

22 Acquisition of subsidiary

On 13 December 2013, the Group acquired the entire issued share capital of Globesign Limited and its wholly owned subsidiary Westex (Carpets) Limited. The principal activity of Westex (Carpets) Limited is the manufacture and sale of carpets. The business operates from two dedicated manufacturing locations which include the spinning and dyeing of yarn and the manufacture of a wide range of carpet types and colours. The acquisition is expected to be accretive to underlying earnings per share of the Company.

The Group results for the year ended 29 March 2014 included £4.83m of revenue and £1.17m profit before tax from Globesign Limited.

Consideration

(i) Initial cash consideration of £16.0m was transferred on acquisition.

(ii) Deferred consideration of up to £8.0m at the end of the third anniversary of the acquisition if Globesign Limited generates an average EBITDA of £4.2m over the preceding three years. On account payments shall be made half yearly if certain targets are met.

(iii) Deferred consideration at the end of each of the first, second and third anniversaries of the acquisition being 100 per cent of the profit after tax generated by Globesign Limited in excess of £2.7m.

Notes to the Accounts continued

22 Acquisition of subsidiary continued

(iv) Deferred consideration at the end of the fourth and fifth anniversaries of the acquisition being 50 per cent of the sum by which profits after tax generated by Globesign Limited exceeds the greater of (i) the highest profit after tax achieved during the previous three years; and (ii) £2.7m.

Net assets acquired

	Amounts recognised at acquisition £'000
Property, plant and equipment	8,075
Inventories	5,023
Trade and other receivables	2,985
Deferred tax asset	32
Cash	3,824
Trade and other payables	(2,180)
Current tax liabilities	(510)
Fair value of net assets acquired	17,249
Fair value adjustments	
Intangible assets (see Note 11)	4,775
Deferred tax liability on intangible assets acquired	(955)
Total identifiable net assets	21,069
Goodwill (see Note 10)	2,735
Total consideration	23,804

Satisfied by:	
Cash	16,000
Deferred consideration	7,804
	23,804

The deferred consideration of £7.80m was determined by applying a discounted cash flow model to estimated future earnings.

Net cash outflow arising on acquisition:	
Cash consideration	(16,000)
Cash and cash equivalents acquired	3,824
	(12,176)

Other than where fair value adjustments have been made, the book value of assets acquired are considered to approximate to their fair values.

Transaction costs of £655,000 relating to the acquisition of Globesign Limited have been recognised as an expense and included within administrative expenses in the Income Statement.

If the acquisition of Globesign Limited had been completed on the first day of the financial year, Group revenues for the period would have been £14.1m higher and Group profit before tax would have been £3.4m higher.

23 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Operating profit/(loss) from continuing operations	**2,812**	(2,873)	**24,163**	(714)
Adjustments for:				
— Depreciation charges	**2,484**	2,700	**60**	60
— Amortisation of intangible assets	**70**	52	**—**	—
— Impairment of intangible assets	**—**	442	**—**	—
— Fair value charge for Contract for Differences	**1,605**	—	**1,605**	—
— (Profit)/loss on disposal of property, plant and equipment	**(3,324)**	13	**(693)**	(8)
— Exchange rate difference on consolidation	**55**	124	**—**	—
Operating cash flows before movements in working capital	**3,702**	458	**25,135**	(662)
Decrease/(increase) in working capital	**4,317**	2,124	**(11,488)**	(282)
Cash generated/(used) by operations	**8,019**	2,582	**13,647**	(944)
Interest paid	**(531)**	(465)	**(384)**	(105)
Income taxes paid	**(395)**	(506)	**—**	—
Net cash inflow/(outflow) from operating activities	**7,093**	1,611	**13,263**	(1,049)

24 Analysis of net debt

	At 30 March 2013 £000	Cash flow £000	Other non-cash changes £000	Exchange movement £000	**At 29 March 2014 £000**
Cash	1,091	14,296	—	(195)	**15,192**
Bank loans payable less than one year and overdrafts	(7,566)	2,294	—	5	**(5,267)**
Cash and cash equivalents	(6,475)	16,590	—	(190)	**9,925**
Finance leases and hire purchase agreements					
— Payable less than one year	(143)	14	(37)	27	**(139)**
— Payable more than one year	(390)	—	37	74	**(279)**
Bank loans payable more than one year	(500)	(10,488)	—	—	**(10,988)**
Net debt	(7,508)	6,116	—	(89)	**(1,481)**

The Group's policy on Derivatives and Other Financial Instruments is set out in note 26 'Financial instruments'.

Notes to the Accounts continued

25 Government Grants

During the year ended 29 March 2014, the Group's Australian operations benefited from government assistance under the SIP (Strategic Investment Programme) which was accounted for as follows:

	2014 £000	2013 £000
Deferred Income at 30 March 2013	1,774	2,042
Total grant income in the year	—	—
Less: Amortisation to deferred income by release through cost of production in the year	(315)	(369)
Exchange differences	(321)	101
Deferred income at 29 March 2014	**1,138**	1,774
Presented in:		
Current liabilities	297	370
Non-current liabilities	841	1,404
Deferred income at 29 March 2014	**1,138**	1,774

There are no unfulfilled conditions or other contingencies attaching to government assistance.

26 Financial instruments

Background

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The "financial instruments" which are affected by these risks comprise borrowings, cash and liquid resources used to provide finance for the Group's operations, together with various items such as trade debtors and trade creditors that arise directly from its operations, inter-company payables and receivables, and any derivatives transactions (such as interest rate swaps and forward foreign currency contracts) used to manage the risks from interest rate and currency rate volatility.

A contract for differences was entered into during the year and was established to link the performance and reward of Geoffrey Wilding to the creation of wealth for all shareholders. Under the original terms of the agreement, this was to be settled in cash, but was subsequently settled post year end in shares (see Note 17) and therefore there is no on-going exposure to risk.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

26 Financial instruments continued

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's exposure to credit risk is primarily attributable to its trade receivables. Credit risk is managed locally by the management of each business unit. Prior to accepting new customers, credit checks are obtained from reputable external sources. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction on the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with low credit risk assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company has no significant concentration of credit risk, other than with its own subsidiaries, the performances of which are closely monitored. The Directors confirm that the carrying amounts of monies owed by its subsidiaries approximate to their fair value.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

To achieve this aim, the cash position is continuously monitored to ensure that cash balances (or agreed facilities) meet expected requirements for a period of at least 90 days.

The Board monitors annual cash budgets and updated forecasts against actual cash position on a monthly basis. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The maturity of financial liabilities is detailed in note 18 'Other financial liabilities'.

Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk).

a) Interest rate risk

The Group finances its operations through a mixture of retained profits, equity capital and bank facilities, including hire purchase and lease finance. The Group borrows in the desired currency at floating or fixed rates of interest and may then use interest rate swaps to secure the desired interest profile and manage exposure to interest rate fluctuations.

Interest rate sensitivity

The annualised effect of a 50 basis point decrease in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables held constant, have resulted in a increase in post-tax profit for the year of £16,000 (2013: decrease in post-tax loss of £28,000). A 50 basis point increase in the interest rate would, on the same basis, have reduced the profit for the year by the same amount.

Notes to the Accounts continued

26 Financial instruments continued

Effective interest rate analysis

In respect of income-earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates for the remaining contractual maturity based on the discounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	As at 29 March 2014					As at 30 March 2013				
	Effective interest rate %	Total £000	0–1 years £000	1–2 years £000	2–5 years £000	Effective interest rate %	Total £000	0–1 years £000	1–2 years £000	2–5 years £000
Group										
Cash and cash equivalents	0.08	17,505	17,505	—	—	0.94	1,091	1,091	—	—
Bank loans & overdraft	2.99	(18,568)	(8,835)	(2,768)	(6,965)	3.38	(8,066)	(7,566)	(500)	—
Finance lease and HP	6.94	(418)	(66)	(180)	(172)	7.51	(533)	(129)	(45)	(359)
	3.08	(1,481)	8,604	(2,948)	(7,137)	4.03	(7,508)	(6,604)	(545)	(359)
Company										
Cash and cash equivalents	0.11	13,151	13,151	—	—	—	—	—	—	—
Bank loans & overdraft	3.70	(15,000)	(5,267)	(2,768)	(6,965)	2.65	(4,746)	(4,246)	(500)	—
	3.70	(1,849)	7,884	(2,768)	(6,965)	2.65	(4,746)	(4,246)	(500)	—

Non-interest bearing liabilities

	2014 £000	2013 £000
Non-interest bearing liabilities falling due within one year	17,496	9,624

Details of trade and other payables falling due within one year are set out in note 17.

b) Currency risk

The main currency exposure of the Group arises from the ownership of the Australian subsidiary, which accounts for approximately 32% of the Group's net assets.

It is the Board's policy not to hedge against movements in the Sterling/Australian exchange rate.

Other currency exposure derives from trading operations where goods are exported or raw materials and capital equipment are imported. These exposures may be managed by forward currency contracts, particularly when the amounts or periods to maturities are significant and at times when currencies are particularly volatile.

26 Financial instruments continued

Currency risk sensitivity

The effect of a 10% strengthening of the Australian Dollar against Sterling over the full year would, all other variables held constant, have resulted in a increase in Group post-tax profit for the year of £255,000. (2013: decreased Group post-tax loss by £64,000). A 10% weakening in the exchange rate would, on the same basis, have decreased Group post-tax profit by £208,000 (2013: increased Group post-tax loss by £52,000).

The effect of a 10% strengthening of the Australia Dollar against sterling at year end rates would have resulted in an increase to equity of £1,582,000 (2013: an increase of £3,190,000). A 10% weakening in the exchange rate would, on the same basis, have decreased equity by £1,294,000 (2013: decrease of £2,610,000).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Australian Dollar	**11,022**	7,912	**22,547**	36,627

c) Trading

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

27 Key sources of estimation uncertainty

In applying the Group's accounting policies, appropriate estimates have been made in a number of areas and the actual outcome may vary from the position described in the Group's and Company's balance sheets at 29 March 2014. The key sources of uncertainty at the balance sheet date that may give rise to a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Deferred tax assets (£1,441,000; 2013: £1,323,000)

Deferred tax assets are recognised at the balance sheet date based on the assumption that there is a high expectation that the asset will be realised in due course. This assumption is dependent on the UK and Australia's ability to generate sufficient future taxable profits.

Inventories (£21,203,000; 2013: £20,866,000)

A proportion of inventory is made up of stocks which are not expected to sell for the full normal selling price, either because they are remnants, come from discontinued ranges, or are below the required quality standard. This inventory is carried at a value which reflects the Directors' best estimates of achievable selling prices. The carrying amount of inventories carried at fair value less costs to sell amounted to £2,021,000 (2013: £1,831,000). During the year, provisions relating to these stocks increased by £16,000 (2013: an increase of £326,000).

Globesign Limited deferred earn-out consideration

Details of the deferred earn-out consideration are set out under note 22.

Trade receivables

Details of the provision made for non-recoverability of debts due to the Group from the sale of goods are set out under note 16.

Contract for Differences

The fair value of the CFD at year end was £1.61m. Details of the approach taken to fair value the CFD are set out under note 17.

Notes to the Accounts continued

28 Share-based payments

Victoria PLC 2008 Long Term Incentive Plan and 2011 Performance Share Plan

The Group had a Long Term Incentive Plan (LTIP) which was established in 2008 and Performance Share Plan (PSP) established in 2011 which entitle Executive Directors to purchase shares in the Company subject to achievement of specific performance conditions.

The following table shows the final LTIP position for the period ended 29 March 2014, with the scheme now having finished.

	At 30 March 2013	Granted in period	Market price on issue (p)	Earliest date of exercise	Expired or forfeited in period	Exercised in period	**At 29 March 2014**
Victoria PLC 2008 Long Term Incentive Plan							
Alan Bullock	76,436	—	—	28/07/2012	76,436	—	**—**
Terry Danks	28,495	—	—	28/07/2012	—	28,495	**—**
Shaun Lewis	26,050	—	—	28/07/2012	—	26,050	**—**

	Number of shares **2014**	2013	Weighted average exercise price (p) **2014**	2013
LTIP:				
At start of period	**130,981**	669,430	**170.8**	189.3
Forfeited during the period	**(76,436)**	—	**—**	—
Exercised during the period	**(54,545)**	(236,616)	**—**	—
Expired during the period	**—**	(301,833)	**—**	—
Outstanding at end of the period	**—**	130,981	**—**	170.8
Exercisable at end of the period	**—**	130,981	**—**	170.8

The 54,545 of share options exercised in the period were settled in full, resulting in the issue of 54,545 ordinary shares.

The following table shows the final PSP position for the period ended 29 March 2014, with the scheme now deemed to have finished.

	At 30 March 2013	Granted in period	Market price on issue (p)	Earliest date of exercise	Expired or forfeited in period	Exercised in period	**At 29 March 2014**
Victoria PLC 2011 Performance Share Plan							
Anne Seymour	15,332	—	—	07/12/2014	15,332	—	**—**

	Number of shares **2014**	2013	Weighted average exercise price (p) **2014**	2013
PSP:				
At start of period	**15,332**	77,379	**0.0**	0.0
Granted during the period	**—**	—	**—**	—
Forfeited or expired during the period	**(15,332)**	(62,047)	**—**	—
Outstanding at end of the period	**—**	15,332	**—**	0.0
Exercisable at end of the period	**—**	—	**—**	—

The total stock option charge in the year is £nil (2013: £nil).

28 Share-based payments continued

The fair value of the LTIP and PSP rights were calculated at the date of grant using the Black-Scholes model. The inputs into the Black-Scholes are as follows:

	Dec 11 PSP award	Dec 10 LTIP award	Jul 09 LTIP award
Number of share options awards	77,379	206,192	521,338
Exercise price	0.00	236.0	170.8
Expected volatility	41%	41%	41%
Expected life	5 years	5 years	5 years
Risk-free interest rate	1.1%	2.6%	2.6%
Expected dividend yields	5%	5%	5%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected useful life in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

29 Related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Identity of related parties

The Group has a related party relationship with its Directors and executive officers.

The Company has a related party relationship with its subsidiaries and its directors and executive officers.

Transactions with key management personnel

Key management personnel are considered to be the directors of the Company and its subsidiaries.

As at 29 March 2014, the key management personnel, and their immediate relatives controlled 2.00% of the voting shares of the Company.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures.

	Group	
	52 weeks 29 March 2014 £000	52 weeks 30 March 2013 £000
Short-term employee benefits	**1,033**	1,107
Post-employment benefits	**112**	149
Termination benefits	**—**	298
	1,145	1,554

Termination benefits in the period ended 30 March 2013 were in respect of former directors Mr A Bullock and Mr B Poynter.

Our Financials

Notes to the Accounts continued

29 Related parties continued
Transactions with subsidiary undertakings:

	Company	
	52 weeks 29 March 2014 £000	52 weeks 30 March 2013 £000
Dividend income — The Victoria Carpet Company Pty Limited	**14,393**	842
Dividend income — Victoria Carpets Limited	**2,000**	—
Dividend income — Globesign Limited	**10,000**	—
Rental income — Victoria Carpets Limited	**80**	80

	As at 29 March 2014 £000	As at 30 March 2013 £000
Amounts due from subsidiary undertakings	**15,693**	4,213
Amounts due to subsidiary undertakings	**32**	32

30 Post balance sheet events

(a) Special Dividend

A special dividend of £2.92 pence per share was paid to shareholders on 25 July 2014, following the approval by shareholders at a General Meeting on 9 July 2014.

(b) Contract for Differences

A CFD between the Company and Geoffrey Wilding was entered into on 19 April 2013, following shareholder approval at a General Meeting of the Company on 20 February 2013. The CFD was subsequently terminated further to satisfying the condtion by returning £3 per share to shareholders. At a General Meeting held on 9 July 2014, shareholders approved the issue of 7,087,730 new shares in settlement of the liability under the CFD upon termination. Following this share issue, the percentage of the Company owned by Geoffrey Wilding (through Camden Holdings Limited) is 50%. The proportion of the cost recognised in the financial period was approximately 15%.

(c) Castlemaine Spinning Mill

The Castlemaine spinning mill, in Australia, was closed during the first half of the financial year and ceased production by the end of June 2013. The property is shown under the heading 'Assets held for sale' in the financial statements at 29th March 2014 and was subsequently sold after the year-end for its written down value.

Five Year Record

		52 weeks 29 March 2014 £000	52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000	52 weeks 2 April 2011 £000	52 weeks 3 April 2010 £000
Results of continuing operations						
Revenue		**71,386**	70,909	77,126	70,503	62,973
EBITDA (note a)		**5,135**	2,331	5,642	5,358	4,406
Depreciation and amortisation		**(2,554)**	(2,752)	(2,974)	(2,962)	(2,753)
Operating profit/(loss) (Pre Exceptional items)		**2,581**	(421)	2,668	2,396	1,653
Finance costs		**(531)**	(465)	(461)	(472)	(565)
Profit/(loss) before tax and exceptional items		**2,050**	(886)	2,207	1,924	1,088
Exceptional items		**231**	(2,634)	(660)	—	—
Profit/(loss) before tax		**2,281**	(3,520)	1,547	1,924	1,088
Tax		**(672)**	738	(461)	(715)	(460)
Profit/(loss) from continuing operations		**1,609**	(2,782)	1,086	1,209	628
Profit/(loss) for the period from discontinued operations		**116**	(182)	—	—	—
Profit/(loss) attributable to shareholders		**1,725**	(2,964)	1,086	1,209	628
Dividend attributable to the period		**141**	563	729	625	556
ASSETS EMPLOYED						
Operating assets						
Non-current assets		**26,549**	24,206	26,458	27,593	28,636
Net current assets (note b)		**17,056**	23,155	24,144	21,668	19,366
Non-current liabilities		**(7,485)**	(1,380)	(2,535)	(3,268)	(3,556)
		36,120	45,981	48,067	45,993	44,446
Financed by						
Share capital and premium		**2,681**	2,587	2,565	2,565	2,565
Retained reserves		**31,958**	35,886	37,755	37,197	34,690
Shareholders funds		**34,639**	38,473	40,320	39,762	37,255
Net debt		**1,481**	7,508	7,747	6,231	7,191
		36,120	45,981	48,067	45,993	44,446
ANALYSIS						
Return on operating assets	%	**7.15**	(0.92)	5.55	5.21	3.72
Return on shareholders funds	%	**6.59**	(9.15)	3.84	4.84	2.92
Earnings per share (basic)	p	**24.5**	(39.6)	15.6	17.4	9.0
Earnings per share (basic adjusted)	p	**27.1**	(11.0)	23.7	18.3	9.0
Dividend per share attributable to the period	p	**2.0**	8.0	10.5	9.0	8.0
Dividend cover (basic)	times	**11.41**	n.a	1.49	1.93	1.13
Dividend cover (adjusted)	times	**13.53**	n.a	2.26	2.04	1.13

Notes

(a) Earnings before interest, tax, depreciation, amortisation and exceptional items.
(b) Excluding net debt, but including fair value of financial instruments where applicable.

VICTORIA PLC

Shareholder Information

Corporate website

The Annual Report, Company announcements and other information are available at www.victoriaplc.com.

Shareholder queries

If you have any queries relating to Victoria PLC shares, please contact the Company's Registrars whose details are as follows: Capita Registrars,The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Telephone: 0871 664 0300   Overseas: +44 20 8639 3399   website: www.capitaregistrars.com

Financial calendar

Annual General Meeting	Wednesday, 24 September 2014
Half year results	November 2014

Dividend payments

Our Registrars have the facility to pay shareholders' dividends directly into their bank accounts, instead of receiving the dividend payment by cheque. They are also able to convert dividend payments into local currency and send the funds by currency draft or, again, if preferred, pay them straight into a bank account.

More information on the above services can be obtained from Capita Registrars or downloaded from the Group's website: www.victoriaplc.com/victoriaplc/investors/downloads/

Unsolicited mail

The Company is required by law to make its share register available on request to the public and organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail. Shareholders wishing to limit such mail should write to the Mailing Preference Service, DMA House, 70 Margaret Street, London, W1W 8SS or register online at www.mpsonline.org.uk

Victoria PLC Registered office

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Company Registered No. (England & Wales)

282204

Advisors

Auditor: Nexia Smith & Williamson – 25 Moorgate, London, EC2R 6AY
Banker: Barclays Bank PLC – PO Box 3333, One Snow Hill, Snow Hill Queensway, Birmingham, B3 2WN
Registrar: Capita Asset Services– The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Solicitor: Brown Rudnick LLP – 8 Clifford Street, London, WS1 2LQ
Stockbroker: Cantor Fitzgerald Europe – 1 America Square, 17 Crosswall, London, EC3N 2LB
Public Relations: MHP Communications – 60 Great Portland Street, London, W1W 7RT

Glossary

CFD	Contract for Differences
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation and exceptional items
Exceptional Items	Non-recurring transactions which are material by virtue of their size or incidence
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LTIP	Long Term Incentive Plan
KPIs	Key Performance Indicators used to assess business performance
PBT	Profit before taxation
PSP	Performance Share Plan

VICTORIA PLC

Shareholder Notes

Principal Subsidiaries and their Directors

Victoria Carpets Limited
Manufacture, distribution and sale of carpets
Kidderminster, UK
Neil Glover (Chief Operating Officer)
Terry Danks
Jonathan Stone

The Victoria Carpet Company Pty Limited
Manufacture and sale of carpets
Dandenong, Australia
Michael Oakley (Non-executive Chairman)
Phil Smith (Managing)
Anne Seymour
Michael Davies (Non-executive)
Warwick Whyte (Non-executive)

Westwood Yarns Limited
Manufacture and sale of carpet yarns
Holmfirth, UK
Trevor Chippendale (Managing)
Terry Danks

Westex (Carpets) Limited
Manufacture and sale of carpets
Cleckheaton, UK
John Shirt (Joint Managing)
John Snee (Joint Managing)
Geoffrey Wilding

VICTORIA PLC

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