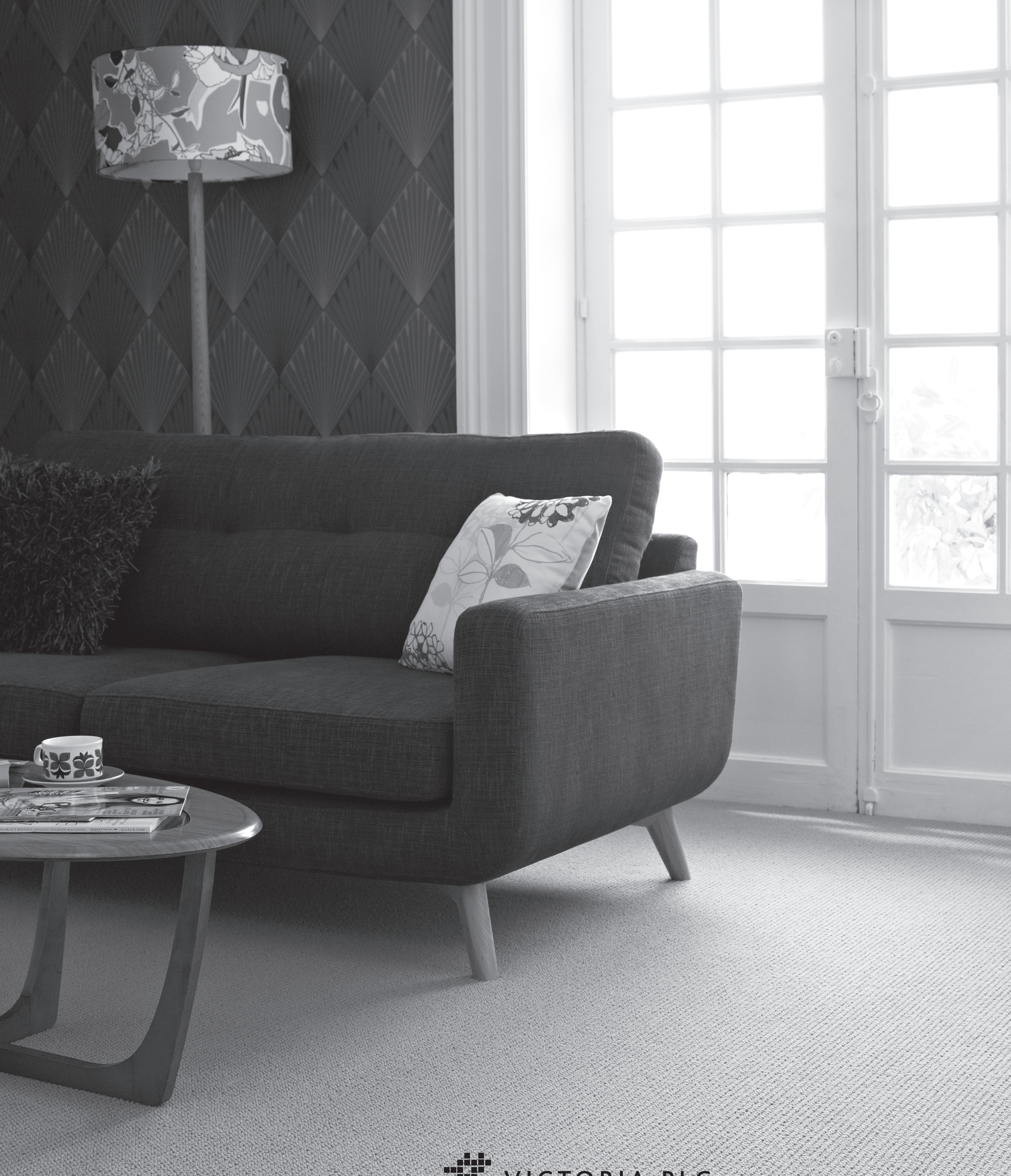


VICTORIA PLC

Annual Report and Accounts
for the 52 weeks ended 30 March 2013

VICTORIA PLC

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

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

	2013 £m	2012 £m
Revenue	**70.91**	77.13
Operating (loss)/profit before exceptional items	**(0.42)**	2.67
Finance costs	**(0.47)**	(0.46)
(Loss)/profit before tax and exceptional items	**(0.89)**	2.21
Exceptional items	**(2.63)**	(0.66)
(Loss)/profit before tax	**(3.52)**	1.55
Tax	**0.74**	(0.46)
(Loss)/profit after tax	**(2.78)**	1.09
Net debt	**7.51**	7.75

See further information online:
www.victoriaplc.com

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

Chairman's Statement

Geoffrey Wilding, Executive Chairman

Introduction

2013 was the year when the chickens came home to roost at Victoria. Over recent years Victoria's financial results have been sustained by overseas profits generated in a buoyant Australian economy. However, with a decline in the Australian market from early 2012, the underlying issues – poor execution of key strategies, failure to address the main issues facing the Company (as summarised in the half year results), and a lack of focus on shareholder value by previous boards and management – were exposed in the financial results for the year ended 30 March 2013:

- Group revenues declined by 8.1% (7.9% in constant currency terms) from £77.13m to £70.91m
- Group operating profit before exceptional items fell from £2.67m to a loss of £0.42m
- Group profit before tax and exceptional items decreased from £2.21m to a loss of £0.89m
- After exceptional items, the Group recorded a loss before tax of £3.52m, compared with a £1.55m profit before tax in the prior year.

So what are the new Board doing to address the situation?

Over the last six months we have focussed on reducing costs and improving the Company's cash position. Actions taken have included the following:

— In the UK, we have taken out a substantial amount of overhead (given the size of the business), and the impact of this on earnings will start to be reflected in the new financial year. There are more cost savings available but we need to balance the desire to minimise costs rapidly with the requirement to ensure changes are not made so quickly as to be disruptive to the functioning of the business.

— In Australia, the Company's two spinning mills have gone through a period of rationalisation. Earlier in the year, capacity was reduced in response to the shift away from wool to synthetic carpets. Redundancies and costs associated with this move totalled *c*£0.9m. However, the new Board did not believe this restructuring went far enough as neither mill was operating at full capacity and early in the new financial year the two mills were consolidated on to one site at Bendigo. Although this will cost approximately £0.6m, the move will reduce our yarn conversion costs (the expense of turning wool into yarn capable of being made into carpet), and will help our Australian business remain competitive in what has become a very tough market.

— Excessive stock levels have been reduced in both the UK and Australia, but there is more progress to be made. Although the disposal of excess stock (some of which was out of fashion or not of perfect quality) impacted on gross margins, its sale helped reduce the Company's debt and, in the UK, allowed the closure of an external warehouse that had been rented in Kidderminster saving *c*£0.1m in annual running costs.

— Debt has been reduced. As at 4 October 2012, when the new Board was elected to the Company, UK debt was £9.59m and Group debt stood at £8.87m. Despite having to meet substantial restructuring and exceptional costs, at year end UK debt had been reduced to £8.00m and Group debt to £7.51m.

— The carrying value of some assets has been written down to more accurately reflect their market value. This has had no impact on the Company's cash position and should give shareholders some comfort as to the strength of the Company's balance sheet.

Looking ahead into 2013/14 the Board is actively seeking opportunities to grow Victoria, improve performance, and generate cash for distribution to shareholders.

These steps have not been without some pain – reflected in the exceptional items – but were essential for future value creation. Further progress is needed (and the drive to minimise costs never ends) but the Board believes a satisfactory start has been made.

Looking ahead into 2013/14 the Board is actively seeking opportunities to grow Victoria, improve performance, and generate cash for distribution to shareholders. These are not mutually exclusive objectives and early indications of the impact the changes have made are encouraging. The Board was fortunate in finding some really talented and committed people at Victoria and it has certainly made our job easier having some people that can be relied upon to deliver on their promises.

Finally, it is important to note that Victoria remains well regarded by its customers and it continues to manufacture a high quality product. Victoria's carpets are in Buckingham Palace, Balmoral Castle and several other Royal residences. It made the carpet that graced Westminster Abbey for the Royal Wedding a couple of years ago. These are fantastic achievements – we make some of the finest carpets in the world – and, earlier this year, Victoria was granted a Royal Warrant to Her Majesty the Queen.

The whole Company is now working to turn that success into financial success and wealth creation for shareholders.

Dividend

The Board declares a final dividend of 6.00p per share (2012: 7.00p), which, subject to shareholder approval, will be paid on 3 October 2013 to members on the register at the close of business on 6 September 2013.

Geoffrey Wilding
Executive Chairman
30 July 2013

Operating and Financial Review

Victoria has an excellent brand and we are determined to enhance our position as a manufacturer of the finest quality carpets in both Australasia and the United Kingdom.

Operating Review

United Kingdom & Ireland
Tough market conditions and economic uncertainty both in the UK and the Eurozone has continued to have a detrimental effect on consumer confidence and discretionary spend on 'big ticket' items including carpet. Consequentially UK & Ireland experienced a 7.8% decline in revenue from £30.08m to £27.73m.

With wage growth lagging behind inflation rates, consumers' disposable income continues to be squeezed and, as a result, we are seeing a market trend towards less expensive products. Victoria will be launching a number of product ranges in the current financial year to address this market trend.

Gross margins were impacted in the period by the stock rationalisation in the second half of the year. Underlying margins (after adjusting for the stock rationalisation) showed a slight improvement on the prior year, reflecting some easing in wool prices.

A number of operational initiatives were identified by the new Board in the second half that will result in substantial cost savings and the full benefits will flow into future financial periods.

As a result of the above, the UK & Ireland recorded a loss before tax and exceptional items of £2.03m. This result is unacceptable but Victoria management are confident the actions already taken and plans in place will address this.

Australia
The Australian economy is being impacted by the decline in the key resources sector as a result of slowing growth in China. The tough market conditions flagged at the half year have continued through the second half and are the most difficult faced by local manufacturers for 25 years.

The major factors affecting the business are:

— Reduced residential and commercial construction activity;

— Lower real estate sale activity levels;

— Increased import competition on the back of the strong Australian Dollar;

— Consumer trend away from wool to synthetics; and

— Competition eroding producer margins in an overall weak market.

Consumers remain cautious about personal debt levels and household savings levels continue to rise despite lower interest rates. Expectations are that this trend will continue and the improvement in household balance sheets certainly provides a solid foundation for a revival in the building and construction sector in Australia. There are some early signs that residential building activity and property clearance rates are improving which should provide some momentum into the calendar year of 2014.

The rate of decline in revenue on the previous year slowed in the second half with the second half revenue down 4.2% on the same period last year, whilst full year revenue at A$66.14m was down 7.9% on the prior year (A$71.84m). Intense competition has impacted margins through compressed selling prices.

With demand for 'softer handle' products on the rise our new range of synthetic products, such as EverSoft®, continues to bring success and improve our share of that market.

Similarly we have produced some encouraging results with our range of tile products and see further opportunities ahead.

With tight and effective stock control, we have been able to reduce inventory levels by A$2.46m (-10.7%) against prior year. The Australian business continues to generate good cash flows and was effectively debt free at year end.

Canada

Revenue in our Canadian associate company, Colin Campbell, was up by 5.5% from C$7.62m to C$8.04m with growth underpinned by relatively strong commercial contract sales. The company recorded a pre-tax profit of C$0.29m compared to C$0.31m in the comparative period last year.

Outlook

United Kingdom & Ireland

We anticipate economic and market conditions to remain difficult in the short to medium term as household incomes continue to get squeezed.

On a more positive note, one of the key drivers of carpet sales is house sales resulting in new buyers redecorating and we are encouraged by recent reports that housing sales are increasing.

We see the UK well positioned to significantly improve its performance in the new financial year and will be focussing on the cost reduction initiatives discussed elsewhere, together with the active management of the business.

Australia

Given the current performance and state of the Australian economy, we continue to see a difficult trading environment in the short term. The low interest rates and potential softening of the Australian Dollar are, however, likely to lead to an increase in building and construction activity providing uplift for the sector and our business.

We remain focussed on developing new and innovative products, reviewing all costs to ensure we are competitive and prudently managing working capital to position ourselves for an improved operating environment.

Summary

Victoria has an excellent brand and we are determined to enhance our position as a manufacturer of the finest quality carpets in both Australasia and the United Kingdom.

Operating and Financial Review continued

Financial Review

The Group's financial performance for the year ended 30 March 2013 is summarised as follows:

	2013 £m	2012 £m	% Change
Revenue	**70.91**	77.13	-8.1%
Operating (loss)/profit before exceptional items	**(0.42)**	2.67	-115.8%
Finance costs	**(0.47)**	(0.46)	+0.9%
(Loss)/profit before tax and exceptional items	**(0.89)**	2.21	-140.1%
Exceptional items	**(2.63)**	(0.66)	+299.1%
(Loss)/profit before tax	**(3.52)**	1.55	-327.5%
Tax	**0.74**	(0.46)	+260.1%
(Loss)/profit after tax	**(2.78)**	1.09	-356.2%
Net debt	**7.51**	7.75	-3.1%

Revenue and profitability have been described in detail in the Operating Review above.

Exceptional Items
The exceptional charge for 2013 is made up of the following items:

	2013 £m	2012 £m
Restructuring of Australia's spinning mills	**0.87**	—
Move to AIM	**0.23**	—
Incentive plan	**0.23**	—
General Meeting costs	**0.60**	0.29
Write off of certain intangible assets	**0.44**	—
Impairment of investment in associate company	**0.26**	—
Ireland restructuring costs	**—**	0.37
	2.63	0.66

Some restructuring of the two Australian spinning mills was undertaken in April 2012 as a result of declining demand for woollen yarns. With the trend away from wool to synthetic carpets continuing, the decision was taken to close the smaller of the two mills and relocate key equipment to improve efficiencies at the larger mill. As a result, further exceptional costs will be incurred in the new financial year to consolidate the two sites.

The Company's shares were transferred from the Official List to the AIM market of the London Stock Exchange on 17 January 2013.

The incentive plan costs relate to a proposed remuneration scheme that was subsequently withdrawn and a Contract for Difference between the Company and Mr G Wilding which received shareholder approval in the year. The contract was entered into in April 2013 and set up to establish a direct link between the remuneration of Mr G Wilding and the creation of value for all shareholders.

General Meeting costs in 2013 relate to expenses incurred in holding the General Meeting on 3 October 2012 (that resulted in changes to the Board composition) and expenditure by the previous Board in their unsuccessful attempts to generate shareholder support.

The write off of certain intangible assets principally relates to the intangible asset recognised on acquisition of certain assets of C&H Distribution in September 2011 and was in respect to the customer list, brand name and an exclusive supplier agreement. The asset was written off in the period on the basis that the C&H brand and products have largely been replaced by the launch of our own Victoria Luxury Flooring ('VLF') branded products.

The Board has reviewed its investment in the Canadian associate company Colin Campbell & Sons Limited, and that assessment has resulted in impairment in value of the investment held.

Taxation

The tax credit in the year was £0.74m (2012: tax charge of £0.46m), equivalent to an effective tax rate of 21.0%. The tax credit is lower than the current UK standard rate of 24% primarily due to the tax effect of permanently disallowable items, the effect of bringing in our share of the Canadian associate after tax and the effect of a different standard tax rate in Australia.

Cash Flow and Debt

	2013 £m	2012 £m
Operating (loss)/profit before exceptional items	**(0.42)**	2.67
Depreciation and non-cash items	**2.69**	2.99
Foreign exchange	**0.12**	0.01
Movement in working capital	**2.12**	(2.24)
Operating cash flow (before exceptional items)	**4.51**	3.43
EBITDA*	**2.33**	5.64
Operating cash flow conversion % (against EBITDA*)	**193.7%**	60.8%

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

The Group recorded strong operating cash flows in the period (before exceptional items) relative to EBITDA (before exceptional items), driven by reduced working capital levels. The Group has focussed on reducing inventory levels and at year-end inventory was £5.10m below prior year at £20.87m.

Capital expenditure remained relatively modest at £0.75m (2012: £1.38m) and significantly below depreciation levels. The Group remains well invested with modern plant and equipment and capital expenditure levels are expected to remain at a relatively low level in the new financial period.

Net debt levels reduced slightly to £7.51m (2012: £7.75m) and headroom against current facilities is at a comfortable level.

A refinancing of the Group's UK facilities occurred in July 2012 which converted the majority of UK borrowings from short term overdraft to a committed three year revolving credit facility expiring in July 2015. The facilities are subject to financial covenants measured against Group results and at 30 March 2013 all lending covenants were satisfied.

Future funding

The Group's renewal of banking facilities was completed in June 2012 in Australia and facilities were renegotiated in the UK in July 2012. Australia facilities are due for renewal in September 2013 and there are no problems anticipated on renewal given Australia's current cash position. 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 this 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 despite the difficult economic and market conditions. 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.

Key performance indicators (KPIs)
The KPIs monitored by the Group Board are set out in the table below:

KPI	2013	2012	2011
Sales growth (constant currency)	-7.9%	+4.6%	+3.3%
Operating margin (pre exceptional items)	-0.6%	3.5%	3.4%
Return on operating assets (pre exceptional items)	-0.9%	5.6%	5.2%
(Loss)/earnings per share (basic adjusted)	-11.0p	23.7p	18.4p
Net debt to EBITDA*	3.3 times	1.4 times	1.2 times
Interest Cover (against EBITDA*)	4.8 times	12.1 times	11.4 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 reviews 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 is managing the current downturn in our markets through operational efficiency improvements, cost reductions and product development to better align operations with current market 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.

Fluctuations in currency exchange rates
A significant amount of the Group's purchases are made in US Dollars and Euros and therefore the Group is exposed to foreign currency fluctuations. The Group manages this risk through the use of forward contracts where appropriate.

Geoffrey Wilding
Executive Chairman
30 July 2013

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

Company Secretary, Victoria PLC
Finance Director, Victoria Carpets UK

Appointed as Company Secretary to Victoria PLC in 1993. Terry joined Victoria Carpets in 1985 as Chief Accountant and has been responsible for both the accounting and IT function within the Company since that date. 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.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the Group for the year ended 30 March 2013.

Principal activities and business review
The Group's principal activities are the manufacture, distribution and sale of floorcoverings and carpet yarns. A review of the business during the financial year and its future development is included in the Chairman's Statement and the Operating and Financial Review 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 accounts on pages 16 to 51.

	£000
Loss attributable to shareholders	2,782
Total dividend paid in the financial year	627
Retained loss	3,409

The Directors recommend the payment of a final dividend for the financial year ended 30 March 2013 of 6.00 pence per Ordinary share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid in cash on 3 October 2013 to members on the register at the close of business on Friday, 6 September 2013, with the ex-dividend date being Wednesday, 4 September 2013.

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.

Other Directors who served on the Board during the year were:
A Bullock (Group Managing Director until 31 August 2012)
I Davies (Group Finance Director until 8 August 2012)
B Poynter (Executive Director until 31 August 2012)
Sir B Nicholson (Non-executive Director until 8 August 2012)
K Innes Ker (Chairman until 3 October 2012)
D Garman (Non-executive Director from 8 August 2012 until 3 October 2012)
R Hoyle (Non-executive Director from 8 August 2012 until 31 August 2012)

The Directors of the Company who held office at 30 March 2013 had the following interests in the Ordinary shares of the Company:

	30 March 2013		31 March 2012	
	Beneficial	**Non-Beneficial**	Beneficial	Non-Beneficial
Alexander Anton	**71,075***	**80,000**	71,075*	80,000
Geoffrey 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. New Fortress Finance Holdings Limited was part of the concert party formed in December 2011 but are no longer deemed to be in the concert party. At 30 March 2013 the concert party held 22.7% of the issued shares in the Company.

The interests of the Directors in the shares of the Company and its subsidiaries have not changed between the year-end and 30 July 2013 (being the last practicable date before production of this report).

In accordance with the Company's Articles of Association, the Director retiring by rotation at the 2013 Annual General Meeting is Alexander Anton who, being eligible, offers himself for re-election pursuant to Article 86.

Details of the contracts of the Directors who held office at 30 March 2013 are as follows:

Geoffrey Wilding
The services of Geoffrey Wilding as Executive Chairman are provided under a service contract dated 3 October 2012. The notice period from the Company is three months.

Alexander Anton
The services of Alexander Anton as Non-executive Director are provided under a contractual letter of continuing appointment dated 3 October 2012. The contract does not include any provision for early termination.

Andrew Harrison
The services of Andrew Harrison as Non-executive Director are provided under a contractual letter of continuing appointment dated 3 October 2012. The contract does not include any provision for early termination.

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 Difference ('CFD') between the Company and G Wilding received shareholder approval at a General Meeting on 20 February 2013. The contract was entered into after the year-end (detailed further in the Post balance sheet events section on page 12).

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

Directors' emoluments
The emoluments of all Directors for the financial year ended 30 March 2013 were:

	Salary/ Fees £000	Benefits in kind £000	Bonus £000	**Total 2013 £000**	Total 2012 £000
Executive					
Geoffrey Wilding*	45	—	—	**45**	3
Non-executive					
Alexander Anton*	30	—	—	**30**	3
Andrew Harrison (appointed 3 October 2012)	17	—	—	**17**	—
Former Directors					
Alan Bullock (until 31 August 2012)	72	8	—	**80**	221
Ian Davies (until 8 August 2012)	54	7	—	**61**	194
Barry Poynter (until 31 August 2012)	97	12	—	**109**	305
Katherine Innes Ker (until 3 October 2012)	33	—	—	**33**	5
Sir Bryan Nicholson (until 8 August 2012)	12	—	—	**12**	3
David Garman (8 August 2012 – 3 October 2012)	6	—	—	**6**	—
Roger Hoyle (8 August 2012 – 31 August 2012)	2	—	—	**2**	—
Nikki Beckett (until 5 March 2012)	—	—	—	**—**	60
Peter Jensen (until 5 March 2012)	—	—	—	**—**	32
	368	27	—	**395**	826

* Geoffrey Wilding and Alexander Anton were appointed to the Board as Non-executive Directors on 6 March 2012 and resigned from the Board on 8 August 2012. They were subsequently re-elected to the Board on 3 October 2012, with Geoffrey Wilding appointed as Executive Chairman whilst Alexander Anton returned to the Board as a Non-executive Director.

Our Performance

Our Governance

Our Financials

Directors' Report continued

Directors' pension entitlements

Three Directors were members of money purchase schemes. Contributions paid by the Group in respect of such schemes were:

	2013 £000	2012 £000
Alan Bullock (until 31 August 2012)	**20**	50
Ian Davies (until 8 August 2012)	**8**	23
Barry Poynter (until 31 August 2012)	**10**	24
	38	97

Alan Bullock and Barry Poynter served on the Victoria PLC Board until 31 August 2012, but remained as Directors of the UK and Australia businesses respectively until their retirements later in the year. During this period they remained in the pension schemes and continued to receive contributions from the Group in respect of these schemes until retirement.

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.

Payment policy

The Group does not have a written code or standard on payment practice. It negotiates settlement terms with each of its suppliers. Payments are then made to suppliers in accordance with those terms provided the supplier has carried out his agreed obligations in a satisfactory manner. The amount due to trade creditors on 30 March 2013 represented 67 days' purchases from suppliers (2012: 59 days).

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) Australia Spinning Mill
In response to declining demand for woollen yarns from the Company's two spinning mills the Company has decided to concentrate all future woollen yarn production at the larger spinning mill in Bendigo. This decision required the closure of the Castlemaine operation and production ceased at the end of June 2013. Key items of equipment will be relocated to Bendigo to improve efficiencies at the mill. Substantial one-off costs will be incurred to consolidate the two sites.

(b) Contract for Difference ('CFD')
A CFD between the Company and G 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 established to link the performance and reward of G Wilding to the creation of wealth for all shareholders.

Auditor
Each of the persons 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, who were appointed in the year, 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 2013 Annual General Meeting to be held on 24 September 2013, 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.

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 this size.

By Order of the Board

Terry A Danks
Secretary
30 July 2013

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors 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 whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

By Order of the Board

TDanks

Terry A Danks
Secretary
30 July 2013

Independent Auditor's Report
to the Members of Victoria PLC

We have audited the financial statements of Victoria PLC for the 52 weeks ended 30 March 2013 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, significant accounting policies and the related notes 1 to 29. 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 Auditing Practices Board's (APB'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 30 March 2013 and of the Group's loss 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 Directors' Report 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

30 July 2013

Consolidated Income Statement

For the 52 weeks ended 30 March 2013

		Notes	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Continuing operations				
Revenue		1,2	**70,909**	77,126
Cost of sales			**(53,679)**	(56,787)
Gross profit			**17,230**	20,339
Distribution costs			**(14,041)**	(14,070)
Administrative expenses			**(6,230)**	(4,730)
Other operating income			**168**	384
Share of results of associated company		1	**(182)**	85
Operating (loss)/profit			**(3,055)**	2,008
Analysed between:				
Operating (loss)/profit before exceptional items		1	**(421)**	2,668
Exceptional items		1,3	**(2,634)**	(660)
Finance costs		4	**(465)**	(461)
(Loss)/profit before tax		1,5	**(3,520)**	1,547
Taxation		7	**738**	(461)
(Loss)/profit for the period			**(2,782)**	1,086
(Loss)/earnings per share — pence	basic	9	**(39.56)**	15.64
	diluted	9	**(39.56)**	14.12

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 30 March 2013

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Exchange differences on translation of foreign operations	**1,597**	72
Other comprehensive income for the period	**1,597**	72
(Loss)/profit for the period	**(2,782)**	1,086
Total comprehensive (loss)/income for the period	**(1,185)**	1,158

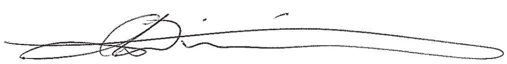
Consolidated and Company Balance Sheets
As at 30 March 2013

	Notes	Group 30 March 2013 £000	Group 31 March 2012 £000	Company 30 March 2013 £000	Company 31 March 2012 £000
Non-current assets					
Intangible assets	11	**248**	742	**—**	—
Property, plant and equipment	12	**23,778**	24,978	**4,966**	5,027
Investment property	13	**180**	180	**180**	180
Investment in subsidiary undertakings	13	**—**	—	**3,322**	3,322
Deferred tax asset	19	**1,323**	812	**—**	—
Total non-current assets		**25,529**	26,712	**8,468**	8,529
Current assets					
Inventories	15	**20,866**	25,966	**—**	—
Trade and other receivables	16	**11,163**	11,676	**4,281**	4,812
Current tax assets		**361**	—	**—**	—
Cash at bank and in hand		**1,091**	806	**—**	—
Assets held for sale	14	**389**	558	**56**	56
Total current assets		**33,870**	39,006	**4,337**	4,868
Total assets		**59,399**	65,718	**12,805**	13,397
Current liabilities					
Trade and other payables	17	**9,624**	13,467	**229**	1,055
Current tax liabilities		**—**	31	**—**	—
Other financial liabilities	18	**7,709**	8,165	**4,246**	3,078
Total current liabilities		**17,333**	21,663	**4,475**	4,133
Non-current liabilities					
Trade and other payables	17	**1,954**	2,253	**—**	—
Other financial liabilities	18	**890**	388	**500**	—
Deferred tax liabilities	19	**749**	1,094	**471**	784
Total non-current liabilities		**3,593**	3,735	**971**	784
Total liabilities		**20,926**	25,398	**5,446**	4,917
Net assets		**38,473**	40,320	**7,359**	8,480
Equity					
Share capital	20	**1,758**	1,736	**1,758**	1,736
Share premium	21	**829**	829	**829**	829
Retained earnings	21	**35,724**	37,575	**4,669**	5,802
Share-based payment reserve	21	**162**	180	**103**	113
Total equity		**38,473**	40,320	**7,359**	8,480

Company Registered Number (England & Wales) 282204

The financial statements on pages 16 to 51 were approved by the Board of Directors and authorised for issue on 30 July 2013.

They were signed on its behalf by:



Geoffrey Wilding
Executive Chairman
30 July 2013

Consolidated Statement of Changes in Equity
For the 52 weeks ended 30 March 2013

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
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
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**
At 3 April 2011	1,736	829	37,067	130	39,762
Profit for the period	—	—	1,086	—	1,086
Other comprehensive income for the period	—	—	72	—	72
Dividends paid	—	—	(660)	—	(660)
Movement in share-based payment reserve	—	—	—	50	50
Deferred tax on share option scheme	—	—	10	—	10
At 31 March 2012	1,736	829	37,575	180	40,320

Company Statement of Changes in Equity
For the 52 weeks ended 30 March 2013

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
At 1 April 2012	1,736	829	5,802	113	8,480
Loss for the period	—	—	(467)	—	(467)
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**
At 3 April 2011	1,736	829	6,115	87	8,767
Profit for the period	—	—	337	—	337
Dividends paid	—	—	(660)	—	(660)
Movement in share-based payment reserve	—	—	—	26	26
Deferred tax on share option scheme	—	—	10	—	10
At 31 March 2012	1,736	829	5,802	113	8,480

Consolidated and Company Statement of Cash Flows

For the 52 weeks ended 30 March 2013

		Group		Company	
	Notes	**52 weeks ended 30 March 2013 £000**	52 weeks ended 31 March 2012 £000	**52 weeks ended 30 March 2013 £000**	52 weeks ended 31 March 2012 £000
Net cash inflow/(outflow) from operating activities	23	**1,611**	885	**(1,049)**	1,285
Investing activities					
Purchases of property, plant and equipment		**(850)**	(1,464)	**—**	(13)
Acquisition of intangible assets		**—**	(400)	**—**	—
Proceeds on disposal of property, plant and equipment		**96**	85	**8**	—
Investment in subsidiary		**—**	—	**—**	(1)
Net cash (used)/generated in investing activities		**(754)**	(1,779)	**8**	(14)
Financing activities					
Increase/(decrease) in long term loans		**500**	(973)	**500**	—
Receipts from financing of assets		**—**	321	**—**	—
Repayment of obligations under finance leases/HP		**(327)**	(872)	**—**	—
Dividends paid		**(627)**	(660)	**(627)**	(660)
Net cash used in financing activities		**(454)**	(2,184)	**(127)**	(660)
Net increase/(decrease) in cash and cash equivalents		**403**	(3,078)	**(1,168)**	611
Cash and cash equivalents at beginning of period		**(6,920)**	(3,866)	**(3,078)**	(3,689)
Effect of foreign exchange rate changes		**42**	24	**—**	—
Cash and cash equivalents at end of period	24	**(6,475)**	(6,920)	**(4,246)**	(3,078)

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 Companies Act 2006 that applies 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 IAS 39. 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 Operating and Financial Review on pages seven and eight 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.

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

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.

The investment in our Canadian associate has been classified as an asset held for sale in the year ended 30 March 2013, having previously been accounted for on an equity accounting basis.

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, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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.

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.

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.

Significant Accounting Policies continued

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 directly 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.

Plant and machinery, fixtures, vehicles 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 machinery	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 fair value at the acquisition date.

   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 20 years which is 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 to an extent 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.

(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 is shown as share premium.

Adoption of new and revised standards

During the year a number of amendments to IFRS became effective and were adopted by the Group, none of which had a material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

At the date of authorisation of these financial statements, a number of revised and amended standards and interpretations were in issue but not yet effective, none of which are likely to have a material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

Notes to the Accounts

1 Segmental information

The Group is organised into two operating divisions, the UK & Ireland and Australia. Our share of the Canadian associate result is also presented separately.

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

Income statement

	For the 52 weeks ended 30 March 2013					For the 52 weeks ended 31 March 2012				
	Revenue £000	**Segmental operating (loss)/ profit £000**	**Exceptional operating items £000**	**Finance costs £000**	**Loss before tax* £000**	Revenue £000	Segmental operating profit £000	Exceptional operating items £000	Finance costs £000	Profit before tax* £000
UK & Ireland	**27,729**	**(1,820)**	**(442)**	**(206)**	**(2,468)**	30,080	308	(369)	(128)	(189)
Australia	**43,180**	**2,027**	**(1,082)**	**(154)**	**791**	47,046	3,134		(231)	2,903
	70,909	**207**	**(1,524)**	**(360)**	**(1,677)**	77,126	3,442	(369)	(359)	2,714
Share of Canadian associate		**77**	**(259)**		**(182)**		85			85
Unallocated central expenses		**(705)**	**(851)**	**(105)**	**(1,661)**		(859)	(291)	(102)	(1,252)
Total continuing operations	**70,909**	**(421)**	**(2,634)**	**(465)**	**(3,520)**	77,126	2,668	(660)	(461)	1,547
Tax					**738**					(461)
(Loss)/profit after tax from continuing activities					**(2,782)**					1,086

* The share of results of the associated company is shown net of tax as required by IAS 1.

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

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

1 **Segmental information** continued

Balance sheet

	As at 30 March 2013		As at 31 March 2012	
	Segment assets £000	**Segment liabilities £000**	Segment assets £000	Segment liabilities £000
UK & Ireland	**22,203**	**7,965**	27,649	10,480
Australia	**36,627**	**7,912**	37,255	9,889
Assets held for sale	**389**	**—**	558	—
Unallocated central assets/liabilities	**180**	**5,049**	256	5,029
	59,399	**20,926**	65,718	25,398

Assets held for sale relates to the investment in the associated company, which is held directly by the parent entity and does not relate specifically to any geographic segment.

Other segmental information

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Depreciation and amortisation		
UK & Ireland	**792**	821
Australia	**1,960**	2,149
Unallocated central	**—**	4
	2,752	2,974

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

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Capital expenditure		
UK & Ireland	**593**	361
Australia	**257**	1,090
Unallocated central	**—**	13
	850	1,464

Business segments

The Directors consider that substantially all of the Group's operations relate to a single activity, that of the manufacture and sale of carpets and other floorcoverings.

Notes to the Accounts continued

2 Revenue

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Continuing operations		
Sale of goods	**70,909**	77,126
Other operating income	**168**	384
	71,077	77,510

3 Exceptional items

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
(a) Restructuring of Australia's spinning mills	**869**	—
(b) Move to AIM	**233**	—
(c) Incentive plan	**227**	—
(d) General Meeting costs	**604**	291
(e) Write off of certain intangible assets	**442**	—
(f) Impairment of investment in associate company	**259**	—
(g) Ireland restructuring costs	**—**	369
	2,634	660

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

(a) Relates to costs associated with "right-sizing" and reorganising the two spinning mills to meet reduced volume requirements as a result of declining demand for woollen yarns.
(b) Relates to costs incurred in the move from the Official List to the AIM market of the London Stock Exchange.
(c) Relates to professional fees in connection with a proposed incentive remuneration plan subsequently withdrawn, and a Contract for Difference between the Company and Mr Wilding which received shareholder approval in February 2013. The contract was signed in April 2013.
(d) Relates to costs in connection with various General Meetings of the Company, resulting in changes to the Board composition.
(e) 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.
(f) The Board has reviewed its investment in the associate company and that assessment has resulted in impairment in the value of the investment held. This impairment is included within the 'Share of results of associated company' on the Consolidated Income Statement.
(g) Relates to closure costs associated with the restructuring, with the largest cost relating to redundancies. The Irish business and brands are now being marketed and traded under a distribution model and reported within the UK operation.

4 Finance costs

	52 weeks ended 30 March 2013 £000	52 weeks ended 31 March 2012 £000
Interest on loans and overdrafts wholly repayable within five years	**426**	409
Movement in fair value of interest rate swap	**—**	(18)
Hire purchase and finance lease interest	**39**	70
	465	461

5 (Loss)/profit on ordinary activities before taxation

	2013 £000	2012 £000
After charging/(crediting)		
Net foreign exchange gains	**(479)**	(584)
Depreciation of property, plant and equipment	**2,700**	2,932
Amortisation of intangible assets (see note 11)	**52**	42
Staff costs (see note 6)	**18,795**	20,498
Cost of inventories recognised as an expense	**53,679**	56,787
Loss on sale of fixed assets	**13**	59
Government grants (see note 25)	**(369)**	(393)
Other operating lease rentals	**555**	557
Auditor's remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	**16**	27
The audit of the Company's subsidiaries pursuant to legislation	**54**	78
Total audit fees	**70**	105
Other services pursuant to legislation	**—**	10
Tax services	**6**	18
Total non-audit fees	**6**	28

Notes to the Accounts continued

6 Staff costs

	2013 £000	2012 £000
Wages and salaries	**16,203**	17,798
Share-based payments	**—**	47
Social security costs	**1,134**	1,283
Other pension costs	**1,160**	1,370
Termination benefits	**298**	—
	18,795	20,498

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 were in respect of former Directors Mr A Bullock and Mr B Poynter.

Average number employed (including executive directors of subsidiaries)	2013	2012
Directors	**10**	10
Sales and Marketing	**74**	74
Production	**333**	421
Logistics	**47**	46
Maintenance	**37**	40
Finance, IT and Administration	**41**	42
	542	633

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 £1,160,000 (2012: £1,370,000), of which £364,000 (2012: £430,000) relates to the UK schemes. The total contributions outstanding at year-end was £nil (2012: £nil).

7 Taxation

	2013 £000	2012 £000
Current tax		
— Current year UK	**—**	—
— Current year overseas	**165**	823
— Adjustments in respect of prior years	**(52)**	—
	113	823
Deferred tax (note 19)		
— Credit recognised in the current year	**(854)**	(270)
— Adjustments in respect of prior years	**12**	(1)
— Effect of rate change	**(9)**	(91)
	(851)	(362)
Total tax	**(738)**	461
Tax (credit)/charge before effect of exceptional items	**(428)**	561
Tax credit in respect of exceptional items	**(310)**	(100)
Total tax	**(738)**	461

Corporation tax is calculated at 24% and 30% (2012: 26% and 30%) of the estimated assessable loss/profit for the year in the UK and Australia respectively. Taxation for other jurisdictions is calculated at the prevailing rates.

7 **Taxation** continued

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

	2013 £000	**2013 %**	2012 £000	2012 %
(Loss)/profit before tax				
Continuing operations	**(3,520)**		1,547	
Tax at the UK corporation tax rate of 24% (2012: 26%)	**(845)**	**24.0**	402	26.0
Tax effect of share of result of associate	**44**	**(1.3)**	(22)	(1.4)
Tax effect of items that are not deductible/non taxable in determining taxable profit	**38**	**(1.1)**	9	0.6
Effect of different tax rates of subsidiaries operating in other jurisdictions	**53**	**(1.5)**	152	9.8
Effect of change in rate	**(9)**	**0.3**	(91)	(5.9)
Movement in deferred tax on land due to indexation	**(6)**	**0.2**	(19)	(1.2)
Tax adjustments in relation to share options	**22**	**(0.6)**		
Tax losses not recognised for deferred tax	**5**	**(0.1)**	31	2.0
Adjustments to prior periods	**(40)**	**1.1**	(1)	(0.1)
Tax (credit)/expense and effective tax rate for the year	**(738)**	**21.0**	461	29.8

8 **Dividends**

	2013 £000	2012 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2012 paid during the period		
7.0p per share (2012: 6.0p)	**486**	417
Interim dividend for the year ended 30 March 2013 paid during the period 2.0p per share (2012: 3.5p)	**141**	243
	627	660
Proposed final dividend for the year ended 30 March 2013 of 6.0p per share (2012: 7.0p)	**422**	486

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Notes to the Accounts continued

9 (Loss)/earnings per share

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

	Basic 2013 £000	**Adjusted 2013 £000**	Basic 2012 £000	Adjusted 2012 £000
(Loss)/profit attributable to ordinary equity holders of the parent entity	**(2,782)**	**(2,782)**	1,086	1,086
Exceptional items (net of tax effect):				
Restructuring of Australia's spinning mills	**—**	**608**	—	—
Move to AIM	**—**	**177**	—	—
Incentive plan	**—**	**173**	—	—
General Meeting costs	**—**	**459**	—	216
Write off of certain intangible assets	**—**	**336**	—	—
Impairment of investment in associated company	**—**	**259**	—	—
Ireland restructuring costs	**—**	**—**	—	344
(Loss)/earnings for the purpose of basic, adjusted and diluted (loss)/earnings per share	**(2,782)**	**(770)**	1,086	1,646

Weighted average number of shares

	2013 Number of shares (000)	2012 Number of shares (000)
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**7,033**	6,944
Effect of dilutive potential ordinary shares:		
Long Term Incentive Plan and Performance Share Plan *	**—**	747
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**7,033**	7,691

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

	2013 Pence	2012 Pence
Basic adjusted	**(10.95)**	23.71
Diluted adjusted *	**(10.95)**	21.40
Basic	**(39.56)**	15.64
Diluted *	**(39.56)**	14.12

* There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share in 2013 as the effect of all potentially dilutive shares outstanding was anti-dilutive.

10 Rates of exchange

The results of overseas subsidiary and associated undertakings 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:

	2013		2012	
	Average	**Year-end**	Average	Year-end
Australia — A$	**1.5317**	**1.4565**	1.5270	1.5423
Ireland — €	**1.2215**	**1.1825**	1.1559	1.1998
Canada — C$	**1.5841**	**1.5427**	1.5870	1.5969

11 Intangible assets

		Group Total £000
Cost	At 3 April 2011	653
	Additions	400
	Exchange differences	(8)
	At 31 March 2012	1,045
	At 1 April 2012	1,045
	Exchange differences	—
	At 30 March 2013	**1,045**
Amortisation	At 3 April 2011	264
	Exchange differences	(3)
	Charges for the period	42
	At 31 March 2012	303
	At 1 April 2012	303
	Exchange differences	—
	Charges for the period	52
	Impairment	442
	At 30 March 2013	**797**
Net book value	**At 30 March 2013**	**248**
	At 31 March 2012	742
	At 2 April 2011	389

The intangible assets held at 30 March 2013 relate to the acquisition of 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. Part of this intangible asset related to the use of the Munster brand in the UK contract market and is no longer used in this specific market. As a result, the remaining balance of £72,000 relating to this element was fully impaired in the year ended 30 March 2013.

The £400,000 addition to intangible assets in the prior year related to the acquisition of the trade and certain assets of C&H Distribution in September 2011 and was in respect to customer lists acquired, the brand name and a supplier exclusivity agreement. The C&H brand and products have now largely been replaced with the launch of our own Victoria Luxury Flooring ('VLF') branded products. As a result, the remaining balance of £370,000 relating to this has been fully impaired in the year ended 30 March 2013.

No intangible assets were held by the Company.

Notes to the Accounts continued

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 3 April 2011	11,695	44,617	3,339	59,651	5,493	37	5,530
Exchange differences	12	73	3	88	—	—	—
Additions	17	886	561	1,464	13	—	13
Transfers	56	(56)	—	—	—	—	—
Disposals	—	(545)	(439)	(984)	—	—	—
At 31 March 2012	11,780	44,975	3,464	60,219	5,506	37	5,543
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**
Accumulated depreciation							
At 3 April 2011	820	29,798	2,496	33,114	420	32	452
Exchange differences	1	32	1	34	—	—	—
Charge for the year	121	2,497	314	2,932	60	4	64
Disposals	—	(513)	(326)	(839)	—	—	—
At 31 March 2012	942	31,814	2,485	35,241	480	36	516
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**
Net book value							
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
At 2 April 2011	10,875	14,819	843	26,537	5,073	5	5,078

Land and buildings were professionally valued at 4 April 2004 and this valuation was adopted as deemed cost on adoption of IFRS.

12 Property, plant and equipment continued

Included within fixed assets are the following:

	Plant and machinery £000	Group Fixtures, vehicles and equipment £000	Total £000
Held under finance leases:			
Cost at 30 March 2013	**—**	**729**	**729**
Accumulated depreciation at 30 March 2013	**—**	**220**	**220**
Depreciation charged in year	**—**	**143**	**143**
Held under finance leases:			
Cost at 31 March 2012	—	796	796
Accumulated depreciation at 31 March 2012	—	238	238
Depreciation charged in year	—	149	149

There were no assets under hire purchase at 30 March 2013.

	Plant and machinery £000	Fixtures, vehicles and equipment £000	Total £000
Being acquired under hire purchase agreements:			
Cost at 31 March 2012	3,623	—	3,623
Accumulated depreciation at 31 March 2012	1,417	—	1,417
Depreciation charged in year	125	—	125

Capital expenditure authorised and committed at the period end :

	Group **2013 £000**	2012 £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

	Note	Group **2013 £000**	2012 £000	Company **2013 £000**	2012 £000
Investment property	(a)	**180**	180	**180**	180
Investment in subsidiaries	(b)	**—**	—	**3,322**	3,322

a) Investment property

Investment properties were professionally valued at 4 April 2004 and this valuation was adopted as deemed cost on adoption of IFRS.

The Company is in negotiations to sell its 6.25 acre sports field in Kidderminster, Worcestershire to Wyre Forest District Council for £850,000. The land has an existing use value in the balance sheet of £80,000.

Notes to the Accounts continued

13 Fixed asset investments continued

a) Investment property continued

The Board does not consider the investment property to have met the criteria for a non-current asset held for sale in accordance with IFRS 5 as at the year-end 30 March 2013, and is therefore held at deemed cost.

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
The Victoria Carpet Company Pty Limited	Australia	Carpet manufacture

14 Assets held for sale

Victoria PLC owns 50% of the common shares of Colin Campbell & Sons Limited, a carpet distributor incorporated in Canada, whose accounting period ended on 31 March 2013 (2012: 31 March).

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Cost of investment	**101**	101	**101**	101
Return of capital	**(45)**	(45)	**(45)**	(45)
Share of post-acquisition profits (retained by associated company)	**592**	502	**—**	—
Impairment of investment in associate company	**(259)**	—	**—**	—
	389	558	**56**	56

The Board has resolved to dispose of the Group's investment in its Canadian associate Colin Campbell & Sons Limited. The investment, which is expected to be sold within 12 months, has been classified as an asset held for sale and presented separately on the balance sheet. The Board has reviewed the value of its investment and that assessment has resulted in impairment in the value of the investment held.

15 Inventories

	Group	
	2013 £000	2012 £000
Raw materials	**6,454**	6,371
Work-in-progress	**673**	1,154
Finished goods	**13,739**	18,441
	20,866	25,966

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		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Trade debtors	**10,667**	10,812	**—**	—
Amounts owed by subsidiaries	**—**	—	**4,213**	4,735
Amounts owed by associated company	**106**	166	**—**	76
Other debtors	**55**	76	**—**	—
Prepayments and accrued income	**335**	622	**68**	1
	11,163	11,676	**4,281**	4,812

The average credit period taken on sale of goods is 55 days (2012: 51 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 £212,000 (2012: £174,000) made for estimated irrecoverable amounts from sale of goods. The movement of this allowance account during the year is summarised below:

	2013 £000	2012 £000
Opening balance at 1 April 2012	**174**	369
Increase in provisions	**103**	37
Written off against provisions	**(64)**	(207)
Recovered amounts	**(6)**	(22)
Exchange differences	**5**	(3)
Closing balance at 30 March 2013	**212**	174

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:

	2013 £000	2012 £000
1–30 days overdue	**2,687**	2,417
31–60 days overdue	**78**	104
> 60 days overdue	**94**	268
Total	**2,859**	2,789

Notes to the Accounts continued

16 Trade and other receivables continued

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

	2013 £000	2012 £000
Current	**—**	1
1–30 days overdue	**185**	222
31–60 days overdue	**19**	48
> 60 days overdue	**197**	170
Total	**401**	441

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	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Trade creditors	**5,075**	9,226	**—**	—
Amounts due to subsidiaries	**—**	—	**32**	886
Other creditors	**2,269**	2,169	**—**	—
Accruals and deferred income	**2,280**	2,072	**197**	169
	9,624	13,467	**229**	1,055

Amounts falling due after one year:

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Other creditors and deferred income	**1,954**	2,253	**—**	—
	1,954	2,253	**—**	—

Other creditors and deferred income relate primarily to the deferred income of government grants as shown in note 25.

18 Other financial liabilities

Amounts falling due within one year:

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Bank loans and overdrafts	**7,566**	7,726	**4,246**	3,078
Hire purchase and finance lease creditors	**143**	439	**—**	—
	7,709	8,165	**4,246**	3,078

Amounts falling due after more than one year:

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Bank loans				
— Between one and two years	**500**	—	**500**	—
Hire purchase and finance lease obligations payable				
— Between one and two years	**163**	143	**—**	—
— Between two and five years	**227**	245	**—**	—
	890	388	**500**	—

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

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
— Between one and two years	**500**	—	**500**	—
— Between two and five years	**—**	—	**—**	—

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

Bank borrowings in the United Kingdom amounting to £7.87m (2012: £7.51m) are secured by charges over a freehold property and a debenture. Bank borrowings of the Australian subsidiary are secured by a mortgage on certain freehold properties and a floating charge over its assets; however, the Australian company was in a net cash position of £1.0m at the year-end (2012: net cash position of £0.77m).

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 and Barclays Bank PLC. The bank borrowings of UK subsidiaries guaranteed by the Company at 30 March 2013 was £3.12m (2012: £4.43m). The Company has also guaranteed an overdraft facility provided by Barclays Bank PLC to Munster Carpets Limited of which £0.19m was outstanding at 30 March 2013 (2012: £0.22m).

During the year the Group refinanced its UK bank facilities, transferring the majority of its borrowings from short term overdraft to a three year facility expiring in July 2015.

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

Notes to the Accounts continued

18 **Other financial liabilities** continued
Operating lease arrangements
The Group as lessee
The Company had no operating leases during the years ended 30 March 2013 and 31 March 2012. Details of operating lease arrangements for the Group are as follows:

	2013 £000	2012 £000
Minimum lease payments under operating leases recognised in the income statement for the year	**555**	557

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

Minimum lease payments	**2013 £000**	2012 £000
Within one year	**456**	458
In the second to fifth years inclusive	**687**	854
After five years	**38**	7
	1,181	1,319

Present value of minimum lease payments	**2013 £000**	2012 £000
Within one year	**401**	403
In the second to fifth years inclusive	**483**	595
After five years	**18**	3
	902	1,001

Operating lease payments represent rentals payable by the Group principally for vehicles and certain of its properties. Leases of vehicles are usually negotiated for a term of 3–5 years and rentals are fixed for the term of the lease. Leases of land and buildings are usually negotiated for 5–15 years and rentals reviewed after 5 years.

19 **Deferred taxation**

	Group £000	Company £000
At 3 April 2011	657	978
Exchange adjustment	(3)	—
Credit to income statement (note 7)	(271)	(119)
Effect of rate change (note 7)	(91)	(65)
Deferred tax on share option scheme taken to equity	(10)	(10)
At 31 March 2012	282	784
At 1 April 2012	**282**	**784**
Exchange adjustment	**(44)**	**—**
Credit to income statement (note 7)	**(842)**	**(332)**
Effect of rate change (note 7)	**(9)**	**(20)**
Deferred tax on share option scheme taken to equity	**39**	**39**
At 30 March 2013	**(574)**	**471**

19 Deferred taxation continued

The provision for deferred taxation is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Capital allowances	**1,361**	1,560	**567**	597
Liability on recovering value through sale	**429**	467	**304**	324
Deferred grant income	**(532)**	(613)	**—**	—
Tax losses	**(1,346)**	(511)	**(402)**	(59)
Other timing differences	**(486)**	(621)	**2**	(78)
	(574)	282	**471**	784

The provision is based on taxation rates of 23% in the UK and 30% in Australia (2012: 24% and 30% respectively).

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

Legislation reducing the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 24% and deferred tax has been provided for at a rate of 23% in these financial statements.

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 and had previously announced a reduction to 21% with effect from 1 April 2014. These rate reductions have not yet been substantively enacted, so their effect has not been reflected in these financial statements.

The proposed reductions of the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 are expected to be enacted separately each year. If the deferred tax liabilities of the UK were all to reverse after 2015, the effect of the reduction from 23% to 20% would be to reduce the net deferred tax liability by £0.03m. To the extent that the net deferred tax liability reverses more quickly than this, the impact of the rate reductions on the net deferred tax liability will be reduced.

Deferred tax assets and liabilities

The deferred tax balances shown on the balance sheet are:

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Deferred tax liabilities	**749**	1,094	**471**	784
Deferred tax assets	**(1,323)**	(812)	**—**	—
	(574)	282	**471**	784

Notes to the Accounts continued

20 Share capital

	2013 **£000**	2012 £000
Allotted, called up and fully paid		
7,033,185 Ordinary shares of 25p each (2011: 6,943,556)	**1,758**	1,736

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

The Company issued 89,629 fully paid ordinary shares of 25p each during the year ended 30 March 2013, in connection with the exercise of share options under the Company's Long Term Incentive Plan.

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.

Following the refinancing of the Group's UK facilities in July 2012, which converted the majority of the UK facilities from a short term overdraft to a longer term three year facility, the Group is subjected to two financial covenants. 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 31 March 2012					52 weeks ended 30 March 2013			
	At 2 April 2011 £000	Income statement £000	Dividends paid	Other movements £000	At 31 March 2012 £000	Income statement £000	Dividends paid	Other movements £000	**At 30 March 2013 £000**
Group									
Share premium	829	—	—	—	829	—	—	—	**829**
Profit and loss account	30,274	1,086	(660)	10	30,710	(2,782)	(627)	(39)	**27,262**
Adjustments arising out of consolidation:									
Goodwill	(1,533)	—	—	—	(1,533)	—	—	—	**(1,533)**
Exchange rates	8,326	—	—	72	8,398	—	—	1,597	**9,995**
Retained earnings	37,067	1,086	(660)	82	37,575	(2,782)	(627)	1,558	**35,724**
Company									
Share premium	829	—	—	—	829	—	—	—	**829**
Retained earnings	6,115	337	(660)	10	5,802	(467)	(627)	(39)	**4,669**

The loss of the Company for the year determined in accordance with the Companies Act 2006 was £467,000 (2012: profit of £337,000). 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	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Balance at 31 March 2012	**180**	130	**113**	87
Movement in Income Statement in year	**—**	47	**—**	26
Issue of share capital through LTIP scheme	**(22)**	—	**(10)**	—
Exchange rates	**4**	3	**—**	—
Balance at 30 March 2013	**162**	180	**103**	113

22 Reconciliation of movements of shareholders' equity of Group

	2013 £000	2012 £000
(Loss)/profit on ordinary activities after taxation	**(2,782)**	1,086
Dividends	**(627)**	(660)
	(3,409)	426
Exchange differences on translation of foreign operations	**1,597**	72
Movement in share-based payment reserve	**(18)**	50
Issue of share capital	**22**	—
Deferred tax on share options	**(39)**	10
Net (reduction)/addition to shareholders' funds	**(1,847)**	558
Opening shareholders' equity	**40,320**	39,762
Closing shareholders' equity	**38,473**	40,320

Notes to the Accounts continued

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

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Operating (loss)/profit from continuing operations	**(3,055)**	2,008	**(714)**	254
Adjustments for:				
— Depreciation charges	**2,700**	2,932	**60**	64
— Amortisation of intangible assets	**52**	42	**—**	—
— Impairment of intangible assets	**442**	—	**—**	—
— Share-based payment charge	**—**	47	**—**	26
— Share of loss/(profit) of associated company	**182**	(85)	**—**	—
— Loss/(profit) on disposal of property, plant and equipment	**13**	59	**(8)**	—
— Exchange rate difference on consolidation	**124**	4	**—**	—
Operating cash flows before movements in working capital	**458**	5,007	**(662)**	344
Decrease/(increase) in working capital	**2,124**	(2,239)	**(282)**	1,061
Cash generated/(used) by operations	**2,582**	2,768	**(944)**	1,405
Interest paid	**(465)**	(478)	**(105)**	(120)
Income taxes paid	**(506)**	(1,405)	**—**	—
Net cash inflow/(outflow) from operating activities	**1,611**	885	**(1,049)**	1,285

24 Analysis of net debt

	At 31 March 2012 £000	Cash flow £000	Other non-cash changes £000	Exchange movement £000	**At 30 March 2013 £000**
Cash	806	240	—	45	**1,091**
Bank loans payable less than one year and overdrafts	(7,726)	163	—	(3)	**(7,566)**
Cash and cash equivalents	(6,920)	403	—	42	**(6,475)**
Finance leases and hire purchase agreements					
— Payable less than one year	(439)	327	(20)	(11)	**(143)**
— Payable more than one year	(388)	—	20	(22)	**(390)**
Bank loans payable more than one year	—	(500)	—	—	**(500)**
Net debt	(7,747)	230	—	9	**(7,508)**

The Group's policy on derivatives and other financial instruments is set out in note 26 "Financial instruments".

25 Government grants

During the year ended 30 March 2013, the Group's Australian operations benefited from government assistance under the SIP (Strategic Investment Programme) which was accounted for as follows:

	2013 £000	2012 £000
Deferred income at 31 March 2012	**2,042**	2,396
Total grant income in the year	**–**	50
Less: grants related to income (taken to income and shown as other operating income)	**–**	(21)
Less: amortisation to deferred income by release through cost of production in the year	**(369)**	(393)
Exchange differences	**101**	10
Deferred income at 30 March 2013	**1,774**	2,042
Presented in:		
Current liabilities	**370**	366
Non-current liabilities	**1,404**	1,676
Deferred income at 30 March 2013	**1,774**	2,042

There are no unfulfilled conditions or other contingencies attaching to government assistance that has been recognised.

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.

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 as follows:

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 decrease in post-tax loss for the year of £28,000. (2012: increase in post-tax profit £28,000). A 50 basis point increase in the interest rate would, on the same basis, have increased the loss for the year by the same amount.

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 rermaining 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 30 March 2013					As at 31 March 2012				
	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	**0.94**	**1,091**	**1,091**	**—**	**—**	0.96	806	806	—	—
Bank loans & overdraft	**3.38**	**(8,066)**	**(7,566)**	**(500)**	**—**	2.82	(7,726)	(7,726)	—	—
Finance lease and HP	**7.51**	**(533)**	**(129)**	**(45)**	**(359)**	6.58	(827)	(319)	(65)	(443)
	4.03	**(7,508)**	**(6,604)**	**(545)**	**(359)**	3.41	(7,747)	(7,239)	(65)	(443)
Company										
Bank loans & overdraft	**2.65**	**(4,746)**	**(4,246)**	**(500)**	**—**	2.65	(3,078)	(3,078)	—	—

Non-interest bearing liabilities

	2013 £000	2012 £000
Non-interest bearing liabilities falling due within one year	**9,624**	13,467

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 75% 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.

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 decrease in Group post-tax loss for the year of £64,000 (2012: increased Group post-tax profit by £226,000). A 10% weakening in the exchange rate would, on the same basis, have increased Group post-tax loss by £52,000 (2012: decreased Group post-tax profit by £185,000).

The effect of a 10% strengthening of the Australian Dollar against Sterling at year-end rates would have resulted in an increase to equity of £3,190,000 (2012: an increase of £3,041,000). A 10% weakening in the exchange rate would, on the same basis, have decreased equity by £2,610,000 (2012: decrease of £2,488,000).

Notes to the Accounts continued

26 Financial instruments continued

The effect of a 10% strengthening of the Euro against Sterling over the full year would, all other variables held constant, have resulted in an increase in Group post-tax loss for the year of £2,000 (2012: decreased Group post-tax profit by £29,000). A 10% weakening in the exchange rate would, on the same basis, have decreased Group post-tax loss by £1,000 (2012: increased Group post-tax profit by £24,000).

The effect of a 10% strengthening of the Euro against Sterling at year-end rates would have resulted in a decrease to equity of £2,000 (2012: £nil). A 10% weakening in the exchange rate would, on the same basis, have increased equity by £1,000 (2012: £nil).

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

	Liabilities		Assets	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Australian Dollar	**7,912**	9,889	**36,627**	37,255

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 30 March 2013. 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 (£1,323,000; 2012: £812,000)

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 (£20,866,000; 2012: £25,966,000)

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 £1,831,000 (2012: £1,434,000). During the year, provisions relating to these stocks increased by £326,000 (2012: an increase of £454,000).

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.

Assets held for sale

The impairment charge in our Canadian associate is an estimate as set out under note 14.

28 Share-based payments

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

The Group has 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 options were held at 30 March 2013 under the Group's LTIP plan:

	At 31 March 2012	Granted in period	Market price on issue (p)	Earliest date of exercise	Expired or forfeited in period	Exercised in period	**At 30 March 2013**
Victoria PLC 2008 Long Term Incentive Plan							
Alan Bullock	135,531	—	—	28/07/2012	59,095	—	**76,436**
Ian Davies	103,641	—	—	—	45,190	58,451	**—**
Barry Poynter	157,275	—	—	—	74,463	82,812	**—**
Terry Danks	50,525	—	—	28/07/2012	22,030	—	**28,495**
Shaun Lewis	46,190	—	—	28/07/2012	20,140	—	**26,050**
Neil Glover	44,343	—	—	—	19,335	25,008	**—**
Trevor Chippendale	47,332	—	—	—	20,631	26,701	**—**
Anne Seymour	84,593	—	—	—	40,949	43,644	**—**

	Number of shares		Weighted average exercise price (p)	
	2013	2012	**2013**	2012
LTIP:				
At start of period	**669,430**	727,530	**189.3**	189.3
Forfeited during the period	**—**	(58,100)	**—**	—
Exercised during the period	**(236,616)**	—	**—**	—
Expired during the period	**(301,833)**	—	**—**	—
Outstanding at end of the period	**130,981**	669,430	**170.8**	189.3
Exercisable at end of the period	**130,981**	—	**170.8**	—

The 236,616 of share options exercised in the year were net settled, resulting in the issue of 89,629 Ordinary shares.

The LTIP options outstanding at 30 March 2013 had a weighted average exercise price of 170.8p and a weighted average remaining contractual life of one year. The vesting period is three years from the date of issue of the LTIP.

The following options were held at 30 March 2013 under the Group's PSP plan:

	At 31 March 2012	Granted in period	Market price on issue (p)	Earliest date of exercise	Expired or forfeited in period	Exercised in period	**At 30 March 2013**
Victoria PLC 2011 Performance Share Plan							
Alan Bullock	19,278	—	—	—	19,278	—	**—**
Ian Davies	15,464	—	—	—	15,464	—	**—**
Barry Poynter	27,305	—	—	—	27,305	—	**—**
Anne Seymour	15,332	—	—	07/12/2014	—	—	**15,332**

Notes to the Accounts continued

28 Share-based payments continued

	Number of shares 2013	Number of shares 2012	Weighted average exercise price (p) 2013	Weighted average exercise price (p) 2012
PSP:				
At start of period	**77,379**	—	**0.0**	—
Granted during the period	**—**	77,379	**—**	0.0
Forfeited during the period	**(62,047)**	—	**—**	—
Exercised during the period	**—**	—	**—**	—
Expired during the period	**—**	—	**—**	—
Outstanding at end of the period	**15,332**	77,379	**0.0**	0.0
Exercisable at end of the period	**—**	—	**—**	—

In the year ended 31 March 2012, options were granted in December 2011 under the PSP plan. The aggregate of the estimated fair value of the options granted in the year ended 31 March 2012 is £175,000. The PSP options have an exercise price of 0.0p. The weighted average remaining contractual life of the PSP options is three years. The vesting period is three years from the date of issue of the PSP share options.

The total stock option charge in the year is £nil (2012: £47,000).

The fair value of the LTIP and PSP rights are 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 associate and its Directors and executive officers.

The Company has a related party relationship with its associate, its subsidiaries and its Directors and executive officers.

29 Related parties continued

Transactions with key management personnel

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

As at 30 March 2013, the key management personnel, and their immediate relatives controlled 1.2% 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 IAS 24 ''Related Party Disclosures''.

	Group	
	52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000
Short term employee benefits	**1,107**	1,513
Post-employment benefits	**149**	211
Termination benefits	**298**	—
Share-based payments	**—**	47
	1,554	1,771

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

Transactions with associated company:

	Group		Company	
	52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000	**52 weeks 30 March 2013 £000**	52 weeks 31 March 2012 £000
Sale of goods	**654**	321	**—**	—

	30 March 2013 £000	31 March 2012 £000	**30 March 2013 £000**	31 March 2012 £000
Amounts due from associated undertakings	**106**	166	**—**	76

Transactions with subsidiary undertakings:

	Company	
	52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000
Dividend income — The Victoria Carpet Company Pty Limited	**842**	825
Rental income — Victoria Carpets Limited	**80**	658

	30 March 2013 £000	31 March 2012 £000
Amounts due from subsidiary undertakings	**4,213**	4,735
Amounts due to subsidiary undertakings	**32**	886

Five Year Record

		52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000	52 weeks 2 April 2011 £000	52 weeks 3 April 2010 £000	53 weeks 4 April 2009 £000
Results of continuing operations						
Revenue		**70,909**	77,126	70,503	62,973	62,150
EBITDA (note a)		**2,331**	5,642	5,358	4,406	4,641
Depreciation and amortisation		**(2,752)**	(2,974)	(2,962)	(2,753)	(2,411)
Operating (loss)/profit (pre exceptional items)		**(421)**	2,668	2,396	1,653	2,230
Finance costs		**(465)**	(461)	(472)	(565)	(768)
(Loss)/profit before tax and exceptional items		**(886)**	2,207	1,924	1,088	1,462
Exceptional items		**(2,634)**	(660)	—	—	—
(Loss)/profit before tax		**(3,520)**	1,547	1,924	1,088	1,462
Tax		**738**	(461)	(715)	(460)	(1,073)
(Loss)/profit attributable to shareholders		**(2,782)**	1,086	1,209	628	389
Dividend attributable to the period		**563**	729	625	556	556
ASSETS EMPLOYED						
Operating assets						
Non-current assets		**24,206**	26,458	27,593	28,636	27,699
Net current assets (note b)		**23,155**	24,144	21,668	19,366	19,464
Non-current liabilities		**(1,380)**	(2,535)	(3,268)	(3,556)	(3,129)
		45,981	48,067	45,993	44,446	44,034
Financed by						
Share capital and premium		**2,587**	2,565	2,565	2,565	2,565
Retained reserves		**35,886**	37,755	37,197	34,690	30,001
Shareholders' funds		**38,473**	40,320	39,762	37,255	32,566
Net debt		**7,508**	7,747	6,231	7,191	11,468
		45,981	48,067	45,993	44,446	44,034
ANALYSIS						
Return on operating assets	%	**(0.92)**	5.55	5.21	3.72	5.06
Return on shareholders' funds	%	**(9.15)**	3.84	4.84	2.92	4.49
(Loss)/earnings per share (basic)	p	**(39.6)**	15.6	17.4	9.0	5.6
(Loss)/earnings per share (basic adjusted)	p	**(11.0)**	23.7	18.3	9.0	15.0
Dividend per share attributable to the period	p	**8.0**	10.5	9.0	8.0	8.0
Dividend cover (basic)	times	**n.a**	1.49	1.93	1.13	0.70
Dividend cover (adjusted)	times	**n.a**	2.26	2.04	1.13	1.87

Notes

(a) Earnings before interest, tax, depreciation, amortisation and exceptional items.

(b) Excluding net debt, but including fair value of financial instruments where applicable.

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
Results

Preliminary results	Wednesday, 31 July 2013
Annual General Meeting	Tuesday, 24 September 2013
Half year results	November 2013

Dividend
Final dividend

— ex dividend	Wednesday, 4 September 2013
— payable	Thursday, 3 October 2013

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

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VICTORIA PLC

Glossary

CFD	Contract for Difference
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
LVT	Luxury Vinyl Tile
KPIs	Key Performance Indicators used to assess business performance
PBT	Profit before taxation
PSP	Performance Share Plan
VLF	Victoria™ Luxury Flooring Division

Shareholder Notes

Shareholder Notes

Principal Subsidiaries and their Directors

Victoria Carpets Limited
Manufacture, distribution and sale of carpets
Kidderminster, UK
Terry Danks
Shaun Lewis
Neil Glover

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

Associated Undertaking
Colin Campbell & Sons Limited
Distribution of carpets and rugs
Vancouver, Canada
Chris Dragan (President)
Ken Metrick
Jamie Metrick
Geoff Wilding

Financial Calendar

Financial Statements

Preliminary results announcement	31 July 2013
AGM	24 September 2013
Half year results	November 2013

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