VICTORIA PLC

Annual Report and Accounts for the 52 weeks ended 28 March 2015

www.victoriaplc.com

stock code: VCP

VICTORIA PLC

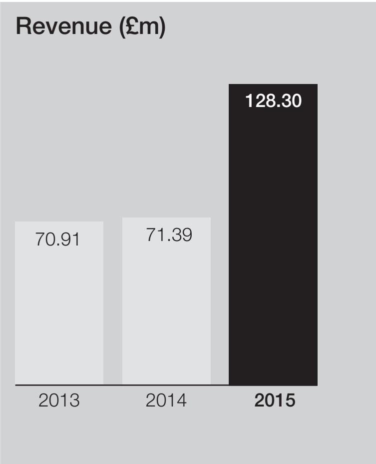
Mission Statement

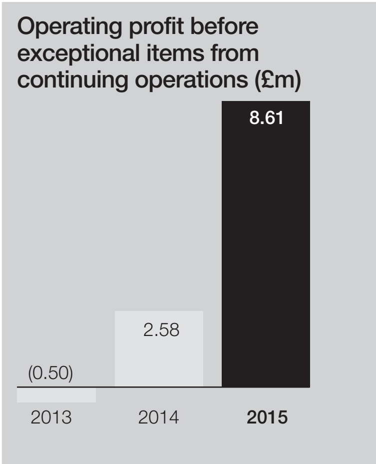
To create wealth for our Shareholders

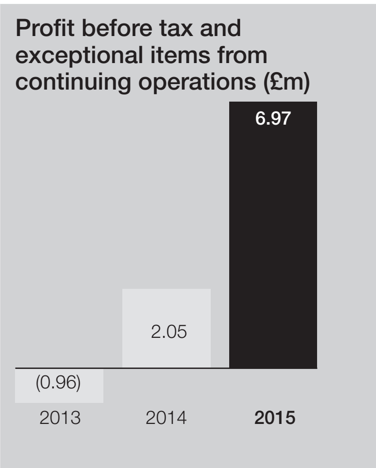
Welcome to Victoria PLC

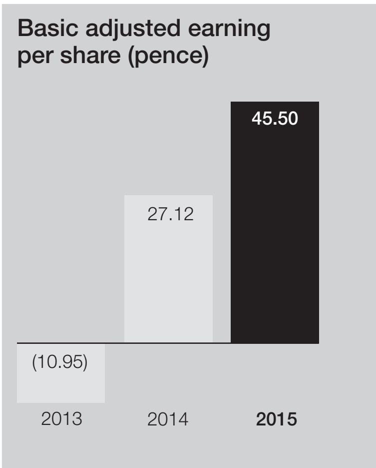
Victoria PLC is a manufacturer, supplier and distributor of design-led carpets, carpet tiles and other floorcoverings, targeting the mid to high-end markets in which we operate.

Group Financial Highlights









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

VICTORIA PLC

Chairman's Statement

In the run-up to the Sydney Olympics in 2000 the British Men's Rowing Eight tested every proposal, every change, every decision against one simple criterion: "Will it make the boat go faster?" The outcome was a gold medal.

At Victoria we quite like that level of focus (and the result!) and Victoria's management are encouraged to test every operational change, every capex proposal, every decision they make against the equally simple criteria: "Will it help us make more money?"

We won't always get it right but this benchmark helps us avoid fuzzy, value-destroying thinking and ensures we never forget why we are in business.

So I am pleased to advise shareholders that Victoria's financial position continues to improve with underlying pre-tax earnings for FY15 of £7.46m (as shown in the Opearting and Financial Review). The Group will however record an after-tax loss of £4.52m due primarily to the accounting impact of the Contract for Differences following the payment of the £2.92 per share special dividend in July 2014. The charge for the Contract for Differences was flagged in the half-year report and had no impact on cash or the Group's underlying earnings. Other key numbers are:

- Group revenues grew by 79.7% (84.1% in constant currency terms) from £71.39m to £128.30m
- Group EBITDA before exceptional items increased from £5.14m to £11.88m
- Group operating profit before exceptional items and intangible amortisation increased from £2.65m to £8.88m
- After exceptional items, the Group recorded a loss after tax of £4.52m, compared with £1.61m profit after tax in the prior year
- Net debt as at year end was £36.28m (2014: £1.48m). Debt to EBITDA for covenant purposes was less than two times at year end.

I do not intend to review the last 12 months in particular detail. What we do is simple: we purchase raw materials, skilled people make it into carpet, and then we sell it and distribute it. There is nothing complicated in our business or our financial structure but we do focus on maximising the Group's return on capital employed. Operational management – all of whom are shareholders - are committed to growing earnings and carefully managing their working capital to optimise free cash-flow. I feel truly privileged to be working with such a talented and motivated team. It makes my job extraordinarily simple. I do my best to keep out of their way and let them get on with working their magic. This approach seems to be working with the Group delivering record underlying profits.

Their excellent work has generated capital we have been able to usefully deploy by acquiring two superb businesses during FY15: Abingdon Flooring group and the Whitestone Weavers group. Both these acquisitions have been materially earnings-enhancing and value-creating for shareholders.

Yet that is not the whole story. By focussing on acquiring only the best businesses, Victoria has also gained the services of some of the most talented managers in the sector. This is important. Although it is a core part of our operating philosophy for Victoria's businesses to continue operating autonomously, the managers do work together and by doing so their collective skills – and those of their staff – are developing operational synergies: ways to grow earnings, while providing enhanced products and services to customers. This, we believe, will continue to ensure Victoria experiences above average sector performance.

The Group obtained £10m unsecured long term capital from the Business Growth Fund during the year. Since the year end we have also successfully arranged new banking facilities, which replaced the pre-existing bank debt. Given our intention to continue to grow the Group through acquisitions, these new multi-currency revolving facilities provided by Victoria's existing Group bankers, Barclays and HSBC, provide substantial headroom for future growth. This is helpful as over the last couple of years I have visited literally dozens of flooring businesses and know there is a lot of opportunity to continue to grow Victoria.

To assist our communication with shareholders and the wider investment community, I'm please to announce the appointment of Whitman Howard as joint broker to Victoria.

In summary, while one always wishes more had been accomplished, I am pleased with progress to date. Yet the opportunity in front of us remains large with further potential to grow earnings in the UK and expansion into Europe via carefully scrutinised acquisitions and organically via a committed sales focus. This is what we intend to deliver for shareholders in FY16.

Dividend

One of the fabulous things about carpet manufacturers - and the thing that motivated legendary investor, Warren Buffet, to buy US carpet maker, Shaw Industries - is the cash they can generate. The equipment is relatively cheap to buy and lasts a long time. The time between manufacturing a roll of carpet and being paid for it is relatively short. Raw materials can also be bought on attractive payment terms. These characteristics are evidenced by Victoria's operational cash-flow exceeding it's EBITDA for each of the last two years.

So, in the medium term, we expect Victoria to be capable of paying an attractive dividend. However, in the short term, as mentioned earlier in this statement, it is the Board's view that we will create the most wealth for shareholders by deploying the free cash-flow generated by the existing businesses within the Group towards acquiring other high quality manufacturers.

Therefore we have resolved not to pay a final dividend for FY15.

Terry Danks Retirement

Finally, I would like to express my genuine appreciation for the support, advice and commitment of Finance Director and Company Secretary, Terry Danks, who retires at the end of July.

Terry first joined Victoria Carpets (the manufacturing subsidiary) as Chief Accountant in 1985. His first responsibility was to replace the quill pens and abacuses in use at Victoria with an IT-based accounting and operating system and has led the inevitable continual changes ever since. He was appointed the Finance Director of Victoria Carpets in 1989 and his subsequent involvement in the acquisitions of Westwood Yarns (1989), Munster Carpets (2002) & Navan Carpets (2003) has proven to be useful as Victoria PLC embarked upon its acquisition strategy in 2013.

Terry's enthusiastic embrace of the change in direction at Victoria following the board changes in October 2012 has made my job immeasurably easier. He already had plans in place to retire at the time of my appointment but allowed me to change his mind and agreed to stay for 12 months, which I managed to drag out to nearly three years. During this period he was appointed to the PLC board and has materially contributed to the growth in the value of Victoria PLC. I'm sorry to see him go and wish him a long and enjoyable retirement.

Given our plans for growth, the Board is being especially selective in deciding upon a replacement and, while this process continues, have established an interim arrangement to ensure the smooth running of the finance function.

Geoffrey Wilding
Executive Chairman

29 July 2015

Operating and Financial Review continued

Operational Review
United Kingdom
The UK operating segment achieved sales growth of 181.1% from £33.05m to £92.91m, principally through the acquisitions of the Abingdon Flooring group and Whitestone Weavers group during the period, and the first full year effect of Westex which was acquired in the fourth quarter of the prior year. Having said that, it is important to note that underlying UK performance also improved as is illustrated in the table below. This sets out reported revenue and operating profit together with the annualised revenue and operating profit to demonstrate the underlying performance had the acquired companies been part of the Group throughout the 2015 and 2014 financial periods.

	Reported 2015	Reported 2014	Growth	**Annualised 2015**	Annualised 2014	Growth
UK Revenue	**92.91**	33.05	181.1%	**158.12**	155.86	1.5%
UK Operating profit	**8.43**	1.58	434.4%	**10.36**	9.48	9.3%
Operating margin	**9.1%**	4.8%		**6.6%**	6.1%	

On an annualised basis, operating margins have increased from 6.1% to 6.6%, which, together with a 1.5% increase in revenue, delivered a 9.3% growth in UK operating profit. This can be attributed to a combination of improved manufacturing efficiencies and an ongoing focus on reducing the overhead cost base. Further operational synergies have been achieved in the latter stages of the financial year as a result of the acquisitions, which are anticipated to deliver additional operational efficiency improvements in future years.

As a result of the above, the UK recorded a profit before tax and exceptional items of £8.28m (2014: 1.57m).

Australia
Revenues in Australia were flat due to considerable economic headwinds from the significant slowdown in mining and fall in commodity prices. The subsequent significant depreciation of the Australian Dollar against the US Dollar increased the cost of raw materials, placing margins under considerable pressure.

Despite these factors, the business maintained its operating profit even after bearing the A$843,000 full year impact of occupancy costs resulting from the sale and leaseback initiatives in late FY14.

	2015 A$m	2014 A$m	Growth
Revenue	**65.64**	65.40	0.4%
Operating profit	**2.88**	2.88	0.0%
Operating margin	**4.4%**	4.4%	

The business focus on productivity improvements, cost management and stronger supplier relationships combined with sale price increases to deliver an operating profit in line with the previous year despite the challenges and implications noted above.

Further operational improvements at both Bendigo production plants continued to build on prior year advances.

Outlook
UK
The outlook for the Group's UK segment remains positive. As mentioned above, there is scope for further operational synergies to be realised in the year ahead.

The UK carpet market appears to be growing and in the process of recovery from the depths of recession. The wider economic environment in Europe presents some possible threats to this, firstly through potential economic shocks and secondly through the strength of Sterling against the Euro aiding continental imports. Despite this, the UK carpet market is showing signs of growth, aided by a recovery in the residential housing market.

Outlook continued

Australia

Building construction and house renovations activity has picked up significantly and together with continued strength in housing prices in the major markets of New South Wales and Victoria State should provide a strong lead into FY16. The weakening Australian Dollar against key global currencies due to weaker commodity demand and prices will see an increase in raw material costs for local producers and importers alike. It is likely that regulatory efforts to cool the housing market market will slow the market next year but overall the outlook for the short to medium term is positive.

Financial Review

The Group's financial performance for the year ended 28 March 2015 is summarised as follows:

	2015 £m	2014 £m	% Change
Revenue	**128.30**	71.39	**79.7%**
Underlying operating profit	**8.88**	2.65	235.0%
Underlying finance costs	**(1.42)**	(0.53)	167.2%
Underlying profit before tax and exceptional items	**7.46**	2.12	**251.9%**
Intangible amortisation	**(0.27)**	(0.07)	285.7%
Business Growth Fund redemption premium interest	**(0.16)**	–	n.a
Business Growth Fund share options charge	**(0.06)**	–	n.a
Reported profit before tax and exceptional items	**6.97**	2.05	**239.9%**
Exceptional items	**(9.92)**	0.23	–4,394.4%
(Loss)/profit before tax from continuing operations	**(2.95)**	2.28	–229.5%
Tax	**(1.57)**	(0.67)	133.8%
(Loss)/profit after tax from continuing operations	**(4.52)**	1.61	–381.2%

Reported profit before tax and exceptional items of £6.97m is after charging £0.49m for the non-cash items listed in the table which are not considered to form part of the Group's underlying profitability. Underlying profit before tax of £7.46m is therefore presented to highlight the Group's underlying profitability in the period.

Exceptional Items

The exceptional items for the year end 28 March 2015 are summarised below:

	2015 £m	2014 £m
Contract for Differences	**(7.55)**	(1.63)
Acquisition costs	**(0.40)**	(0.66)
Deferred consideration	**(1.97)**	–
Profit on sale of properties	**–**	3.30
Restructuring of Australia's spinning mills	**–**	(0.78)
	(9.92)	0.23

The Contract for Differences between the Company and Camden Holdings Limited was terminated in the year and resulted in the issue of 7,087,730 new shares on 29 July 2014 to Camden Holdings Limited. Camden Holdings Limited is owned by the Camden Trust of which Geoff Wilding, Executive Chairman, is the settlor and a discretionary beneficiary. The value of the contract on termination was £9.0m, of which £1.6m was accounted for in the prior year. The exceptional charge in the year also includes £0.15m of related professional fees. Apart from the professional fees incurred, this is a non-cash item.

Operating and Financial Review continued

Acquisition costs in the period relate to professional fees associated with the acquisitions of the Abingdon Flooring group in September 2014 and the Whitestone Weavers group in January 2015.

Deferred consideration in respect to acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of money. Subsequently, deferred consideration is re-measured at each year end to unwind the time value of money and for changes to the earn-out value arising from actual and forecast business performance. Such adjustments, which are non-cash items, are reflected in the income statement within administrative costs.

Taxation

The tax charge in the year was £1.57m against a reported pre-tax loss of £2.95m, giving an effective tax rate of negative 53.2%. This is distorted by the £9.92m charge for exceptional items in the period, all of which have been treated as non-deductible for tax. The underlying effective tax rate measured against profit before tax and exceptional items of £6.97m is 22.5%.

The Group's tax rate is above the prevailing UK standard rate of 21% impacted by a number of factors including a higher standard rate of 30% in Australia and expenses that are not deductible in determining taxable profit. A full reconciliation of factors impacting the tax rate in the period is detailed in Note 6 to the financial statements.

Cash Flow and Debt

	2015 £m	2014 £m
Operating profit from continuing operations and before exceptional items	8.61	2.58
Depreciation and non-cash items	3.20	2.55
Foreign exchange	(0.03)	0.06
Movement in working capital	0.86	4.32
Operating cash flow (before exceptional items)	12.64	9.51
EBITDA*	11.88	5.14
Operating cash flow conversion % (against EBITDA*)	106.4%	185.1%

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

The Group achieved strong operating cash flows in the period (before exceptional items), with cash generation exceeding EBITDA (before exceptional items). The cash impact of exceptional items in the year was £0.55m, resulting in operating cash flows after exceptional items of £12.09m.

Working capital was reduced by £0.86m in the period and remains a key area of focus. Inventory management is the key contributor to the working capital improvement, with underlying inventories levels reducing year on year by £1.42m after adjusting for the opening inventory balances on the acquisitions during the year.

	2015 £m	2014 £m
Operating cash flow (before exceptional items)	**12.64**	9.51
Interest paid	**(1.42)**	(0.53)
Corporation tax paid	**(2.11)**	(0.40)
Capital expenditure	**(1.39)**	(0.53)
Free cash flow (before exceptional items)	**7.72**	8.05
Proceeds on disposal of property, plant and equipment	**0.82**	11.70
Acquisitions	**(15.01)**	(12.84)
Dividends paid	**(20.69)**	(0.56)
Issue of share capital	**1.54**	–
Deferred earn-out payments	**(1.00)**	–
Restructuring of Australia's spinning mills	**–**	(0.78)
Dividends and sales proceeds from Colin Campbell	**–**	0.50
Other items	**(0.06)**	(0.04)
Net cash flow	**(26.68)**	6.03
Opening net debt	**(1.48)**	(7.51)
Opening debt balances from acquisitions	**(8.12)**	–
Closing net debt	**(36.28)**	(1.48)

Interest, corporation tax and capital expenditure have all increased year on year reflecting the expansion of the Group in the second half of the year with the completion of two acquisitions.

The net cash outflow from acquisition in the period of £15.01m relates to the acquisitions of the Whitestone Weavers group and the Abingdon Flooring group and comprises the initial cash consideration and cash equivalents acquired of £14.61m and related professional fees of £0.40m.

The acquisitions were funded using facilities provided by the Company's long-standing bankers, Barclays Bank, and from a newly-signed fully-subordinated £10m 2022 unsecured loan note facility provided by the Business Growth Fund.

The Company made a special dividend payment of £2.92 per share in July 2014 resulting in a cash outflow of £20.69m.

Net debt levels increased by £34.80m during the financial year to £36.28m (2014: £1.48m).

Future funding

In April 2015 the Company entered into a new multi-currency revolving credit facility with its existing Group bankers, Barclays and HSBC, which has replaced existing facilities. The agreement also includes an Accordion facility option to further increase available credit which provides substantial headroom for future growth.

The new facility is subject to various financial covenants measured against Group results and all lending covenants have been satisfied to date.

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

Operating and Financial Review continued

risk and interest rate risk.

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

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

Accounting standards

The financial statements have been prepared 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 (KPI's)

The KPI's monitored by the Group Board are set out in the table below for the year ended 28 March 2015.

KPI	**2015**	2014	2013
Sales growth (constant currency)	**84.1%**	6.8%	-7.9%
Operating margin (pre exceptional items)	**6.7%**	3.6%	-0.6%
Return on operating assets (pre exceptional items)	**15.3%**	7.1%	-0.9%
Earnings/(loss) per share (basic adjusted)	**44.3p**	27.1p	-11.0p
Adjusted net debt to adjusted EBITDA*	**1.8 times**	0.3 times	3.3 times
Interest cover (against EBITDA)	**7.2 times**	9.7 times	4.8 times

* Adjusted net debt excludes the £10m loan notes with the Business Growth Fund and adjusted EBITDA is calculated using the annualised EBITDA for the businesses acquired during the year.

Principal risks and uncertainties

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

Competition

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

Global economic conditions

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

Key input prices

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

Geoffrey Wilding
Executive Chairman
29 July 2015

Directors

Geoff Wilding
Executive Chairman
Geoff Wilding Bsc is a former investment banker. He set up his own investment company in New Zealand in 1989. Geoff was appointed Executive Chairman at the General Meeting on 3 October 2012 and is a member of the Nominations Committee.

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 Chairman of Legacy Portfolio.

Alexander was appointed to the Board at the General Meeting on 3 October 2012 and is a member of the Audit, Remuneration and Nominations Committees.

Andrew Harrison
Non-executive Director
Andrew Harrison has more than twenty years as a solicitor in private practice, specialising in company law. He has advised on a wide variety of corproate 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 held on 3 October 2012 and is the Senior Independent Non-executive Director.

Terry Danks
Executive Director
Appointed as Company Secretary to Victoria PLC in 1993 and appointed to the Board in May 2014. Terry joined Victoria Carpets in 1985 as Chief Accountant and has been responsible for both the accounting and IT function within 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.

Gavin Petken
Non-executive Director
Gavin Petken is the Business Growth Fund's Regional Director for The Midlands and has developed the firm's local investment activities in the Midlands region for smaller entrepreneurial companies. He has also been actively involved with the Business Growth Fund's major strategic initiative to extend the firm's provision of growth capital to listed companies providing similar access to long term funding. He is a Chartered Accountant, qualifying with Arthur Andersen.

Gavin was appointed to the Board in September 2014 and is a member of the Audit and Remuneration Committees.

VICTORIA PLC

Directors' Report

The Directors present their Annual Report and the audited financial statements for the Group for the year ended 28 March 2015.

Principal activities and Strategic Report

The Group's principal activities are the manufacture, distribution and sale of floorcoverings. The Company is required by the Companies Act 2006 to prepare a Strategic Report that includes a fair review of the Company's business, the development and the performance of the Company's business during the year and its future development, of the position of the Company at the end of the financial year to 28 March 2015 and a description of the principal risks and uncertainties faced by the Company. The Strategic Report can be found on pages 2 to 8. The Corporate Governance Report is set out on page 13, is incorporated by reference and shall be deemed to form part of this report.

Results and dividends

The results include those of Victoria PLC and its subsidiaries for the full year and are set out in the financial statements on pages 16 to 48.

	£000
Loss attributable to shareholders	4,524
Total dividend paid in the financial year	20,691
Retained loss	25,215

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

Given the substantial special dividend paid, the Directors do not recommend the payment of a final dividend for the financial year ended 28 March 2015.

Directors and their interests

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

The Directors of the Company who held office at 28 March 2015 had the following interests in the Ordinary shares of the Company:

	28 Mar 2015		29 Mar 2014	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
Alexander Anton	**18,075**	**80,000**	71,075	80,000
Geoff Wilding*	**7,087,730**	**—**	—	—
Terry Danks	**29,993**	**—**	—	—
Andrew Harrison	**26,956**	**—**	—	—
Gavin Petken	**—**	**—**	—	—

* Geoff Wilding and his family are discretionary beneficiaries of The Camden Trust which in turn owns Camden Holdings Limited. Camden Holdings Limited is the owner of the above shareholding of 7,087,730 Ordinary Shares and as a result Mr. Wilding is the beneficial owner of this shareholding.

Alexander Anton is also deemed by the Panel on Takeovers and Mergers to form part of the concert party formed in December 2011. At 28 March 2015 the concert party held 10.1% of the issued shares in the Company. The enlarged concert party with the addition of Camden Holdings Limited held 58.8% of the issued shares in the Company at 28 March 2015.

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

Also in accordance with the Company's Articles of Association, Gavin Petken who was appointed on 30th September 2014 offers himself for election.

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

- A contract for differences ('CFD') between the Company and Camden Holdings Limited which received shareholder approval at a General Meeting on 20 February 2013. The contract was terminated on 28 July 2014 and resulted in the issue of 7,087,730 new shares on 29 July 2014 to Camden Holdings Limited, a company wholly owned by The Camden Trust of which Mr Wilding, Executive Chairman, is the settlor and a discretionary beneficiary.
- Gavin Petken is the Business Growth Fund's ('BGF') Regional Director for the Midlands. On the 30 September 2014 the Company entered into a £10m 2022 unsecured loan facility with the BGF. The BGF has also been granted an option over 746,000 new Ordinary 25p shares in the Company, representing 5% of the Company's deemed enlarged issued share capital at the time of grant. Further details of the share option agreement are set out in Note 28 of the Accounts.

Directors' insurance and indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial year ended 28 March 2015 and through to the date of this report.

Directors' emoluments

The emoluments of all Directors for the financial year ended 28 March 2015 were:

	Salary/Fees £000	Benefits in kind £000	Bonus £000	**Total 2015 £000**	Total 2014 £000
Executive					
Geoffrey Wilding	65	—	—	**65**	65
Terry Danks (from 12 May 2014)	69	8	—	**77**	—
Non-executive					
Alexander Anton	35	—	—	**35**	35
Andrew Harrison	35	—	—	**35**	35
Gavin Petken (from 30 September 2014)*	18	—	—	**18**	—
	222	8	—	**230**	135

* There is no annual fee payable directly to Mr Petken in respect of his services to the Company. He is the Business Growth Fund's ('BGF') Regional Director for the Midlands and the Company entered into a £10m loan agreement with the BGF in September 2014. BGF receive an annual fee of £35,000 which is commensurate with that paid to the Company's other non-executive directors.

Directors' pension entitlements

One Director who held office at 28th March 2015 was a member of a money purchase scheme. Contributions paid by the Group in respect of this scheme were:

	2015 £000	2014 £000
Terry Danks (from 12 May 2014)	39	—
	39	—

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.

Political donations

The Directors made no political donations during the year in line with its policy (2014: £nil).

Financial instruments

The Group's financial risk management objectives and policies are set out within note 26 of the financial statements. Note 26 also details the Group's exposure to foreign exchange, interest, credit and liquidity risks. This note is incorporated by reference and deemed to form part of this report.

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

New bank facilities

The Company has agreed a new multi-currency revolving facility with its existing Group bankers, Barclays and HSBC, which has replaced existing facilities and provides substantial headroom for future growth.

Auditor

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

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

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

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

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

Directors' Report continued

Annual General Meeting

Notice of the 2015 Annual General Meeting to be held on 25 September 2015, together with a description of the business to be discussed at the AGM, is set out in the accompanying Notice. Notice of this year's AGM will be available to view on the Company's website at www.victoriaplc.com.

The Directors consider that each of the proposed resolutions to be considered at the AGM are in the best interests of the Company and its shareholders and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each of the proposed resolutions, as the directors intend to do in respect of their own shareholdings. The Strategic Report (from pages 2 to 8 and Directors' Report (from pages 10 to 12) have been approved by the Board on 29 July 2015.

On behalf of the Board

Terry A Danks

Director and Secretary
29 July 2015

Corporate Governance Statement

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

On behalf of the Board

Terry A Danks
Director and Secretary
29 July 2015

VICTORIA PLC

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

On behalf of the Board

Terry A Danks
Director and Secretary
29 July 2015

Independent Auditor's Report
to the Members of Victoria PLC

We have audited the financial statements of Victoria PLC for the 52 weeks ended 28 March 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective Responsibilities of Directors and Auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 28 March 2015 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 Strategic Report and 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
29 July 2015

VICTORIA PLC

Consolidated Income Statement

For the 52 weeks ended 28 March 2015

		Notes	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Continuing operations				
Revenue		1	**128,304**	71,386
Cost of sales			**(86,695)**	(50,544)
Gross profit			**41,609**	20,842
Distribution costs			**(22,423)**	(13,804)
Administrative expenses (including exceptionals and intangible amortisation)			**(20,928)**	(7,914)
Other operating income			**432**	3,688
Operating (loss)/profit			**(1,310)**	2,812
Comprising:				
Operating profit before exceptional items		1	**8,880**	2,651
Intangible amortisation			**(270)**	(70)
Exceptional items		1,2	**(9,920)**	231
Finance costs		3	**(1,643)**	(531)
Comprising:				
Interest charges		3	**(1,419)**	(531)
Business Growth Fund redemption premium interest and share options charge		3	**(224)**	—
(Loss)/profit before tax		1,4	**(2,953)**	2,281
Taxation		6	**(1,571)**	(672)
(Loss)/profit for the period from continuing operations			**(4,524)**	1,609
Profit for the period from discontinued operations		1	**—**	116
(Loss)/profit for the period			**(4,524)**	1,725
(Loss)/earnings per share — pence	basic	8	**(38.15)**	24.52
	diluted	8	**(38.15)**	24.52
(Loss)/earnings per share from continuing operations	basic	8	**(38.15)**	22.87
	diluted	8	**(38.15)**	22.87

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 28 March 2015

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Exchange differences on translation of foreign operations	**(756)**	(5,078)
Amounts which may be subsequently reclassified to profit or loss	**(756)**	(5,078)
(Loss)/profit for the period	**(4,524)**	1,725
Total comprehensive loss for the period	**(5,280)**	(3,353)

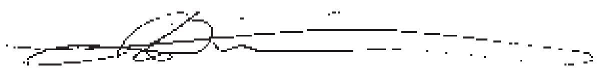
Consolidated and Company Balance Sheets
As at 28 March 2015

		Group		Company	
	Notes	**28 March 2015 £000**	29 March 2014 £000	**28 March 2015 £000**	29 March 2014 £000
Non-current assets					
Goodwill	10	**6,481**	2,735	**—**	—
Intangible assets	11	**8,858**	4,953	**—**	—
Property, plant and equipment	12	**22,489**	18,681	**—**	—
Investment property	13	**180**	180	**180**	180
Investment in subsidiary undertakings	13	**—**	—	**38,180**	27,126
Deferred tax asset	19	**1,903**	1,441	**708**	285
Total non-current assets		**39,911**	27,990	**39,068**	27,591
Current assets					
Inventories	15	**40,956**	21,203	**—**	—
Trade and other receivables	16	**30,953**	13,964	**24,427**	16,177
Cash at bank and in hand		**2,392**	15,192	**—**	13,151
Assets held for sale	12,14	**—**	547	**—**	—
Total current assets		**74,301**	50,906	**24,427**	29,328
Total assets		**114,212**	78,896	**63,495**	56,919
Current liabilities					
Trade and other payables	17	**39,066**	17,496	**4,995**	3,128
Current tax liabilities		**2,014**	1,162	**—**	—
Other financial liabilities	18	**18,408**	5,406	**16,206**	5,267
Total current liabilities		**59,488**	24,064	**21,201**	8,395
Non-current liabilities					
Trade and other payables	17	**12,260**	7,716	**6,757**	6,804
Other financial liabilities	18	**20,264**	11,267	**19,876**	9,733
Deferred tax liabilities	19	**2,370**	1,210	**—**	—
Total non-current liabilities		**34,894**	20,193	**26,633**	16,537
Total liabilities		**94,382**	44,257	**47,834**	24,932
Net assets		**19,830**	34,639	**15,661**	31,987
Equity					
Share capital	20	**3,639**	1,772	**3,639**	1,772
Share premium	21	**10,144**	909	**10,144**	909
Retained earnings	21	**5,987**	31,958	**1,818**	29,306
Share based payment reserve	21	**60**	—	**60**	—
Total equity		**19,830**	34,639	**15,661**	31,987

Company Registered Number (England & Wales) 282204

The financial statements on pages 16 to 48 were approved by the Board of Directors and authorised for issue on July 29 2015.

They were signed on its behalf by:



Geoffrey Wilding
Executive Chairman

VICTORIA PLC

Consolidated Statement of Changes in Equity

For the 52 weeks ended 28 March 2015

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
At 30 March 2014	1,772	909	31,958	—	34,639
Loss for the period	—	—	(4,524)	—	(4,524)
Other comprehensive loss for the period	—	—	(756)	—	(756)
	1,772	909	26,678		29,359
Transactions with owners:					
Dividends paid	—	—	(20,691)	—	(20,691)
Issue of share capital	1,867	9,235	—	—	11,102
Movement in share-based payment reserve	—	—	—	60	60
At 28 March 2015	**3,639**	**10,144**	**5,987**	**60**	**19,830**
At 31 March 2013	1,758	829	35,724	162	38,473
Profit for the period	—	—	1,725	—	1,725
Other comprehensive loss for the period	—	—	(5,078)	—	(5,078)
	1,758	829	32,371	162	35,120
Transactions with owners:					
Dividends paid	—	—	(563)	—	(563)
Movement in share-based payment reserve	—	—	—	(12)	(12)
Transfer of share-based payment reserve to retained earnings	—	—	150	(150)	—
Issue of share capital in connection with exercise of share options under LTIP plan	14	80	—	—	94
At 29 March 2014	1,772	909	31,958	—	34,639

Company Statement of Changes in Equity

For the 52 weeks ended 28 March 2015

	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
At 30 March 2014	1,772	909	29,306	—	31,987
Loss for the period	—	—	(6,797)	—	(6,797)
	1,772	909	22,509	—	25,190
Transactions with owners:					
Dividends paid	—	—	(20,691)	—	(20,691)
Issue of share capital	1,867	9,235	—	—	11,102
Movement in share based payment reserve	—	—	—	60	60
At 28 March 2015	**3,639**	**10,144**	**1,818**	**60**	**15,661**
At 31 March 2013	1,758	829	4,669	103	7,359
Profit for the period	—	—	25,097	—	25,097
	1,758	829	29,766	103	32,456
Transactions with owners:					
Dividends paid	—	—	(563)	—	(563)
Transfer of share-based payment reserve to retained earnings	—	—	103	(103)	—
Issue of share capital in connection with exercise of share options under LTIP plan	14	80	—	—	94
At 29 March 2014	1,772	909	29,306	—	31,987

Consolidated and Company Statements of Cash Flows
For the 52 weeks ended 28 March 2015

		Group		Company	
	Notes	**52 weeks ended 28 March 2015 £000**	52 weeks ended 29 March 2014 £000	**52 weeks ended 28 March 2015 £000**	52 weeks ended 29 March 2014 £000
Net cash inflow/(outflow) from operating activities	23	**8,557**	7,093	**(6,430)**	13,263
Investing activities					
Purchases of property, plant and equipment		**(1,391)**	(531)	**—**	—
Dividend received from Colin Campbell & Sons Limited		**—**	179	**—**	179
Proceeds from disposal of Colin Campbell & Sons Limited		**—**	324	**—**	324
Proceeds on disposal of property, plant and equipment		**816**	11,696	**—**	5,600
Deferred earn-out payments		**(1,000)**	—	**(1,000)**	—
Acquisition of subsidiaries		**(14,616)**	(12,176)	**(7,655)**	(16,000)
Net cash used in investing activities		**(16,191)**	(508)	**(8,655)**	(9,897)
Financing activities					
Increase in long term loans		**8,596**	10,488	**16,832**	9,233
Issue of share capital		**1,543**	94	**1,543**	94
Repayment of obligations under finance leases/HP		**(241)**	(14)	**—**	—
Dividends paid		**(20,691)**	(563)	**(20,691)**	(563)
Net cash (used)/generated in financing activities		**(10,793)**	10,005	**(2,316)**	8,764
Net (decrease)/increase in cash and cash equivalents		**(18,427)**	16,590	**(17,401)**	12,130
Cash and cash equivalents at beginning of period		**9,925**	(6,475)	**7,884**	(4,246)
Effect of foreign exchange rate changes		**—**	(190)	**—**	—
Cash and cash equivalents at end of period	24	**(8,502)**	9,925	**(9,517)**	7,884

Significant Accounting Policies

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

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

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

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Business combinations and goodwill
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

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

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

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

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

Leasing

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

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

Finance charges are charged to profit or loss, 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.

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

Foreign currencies

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

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

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

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

Government grants

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

Retirement benefit costs

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

Significant Accounting Policies continued

Taxation

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

The expected useful lives of assets are:

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

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

Intangible assets

(i) **Intangible assets acquired in a business combination**

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

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

(ii) **Amortisation of intangible assets**

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets which range between 20 to 35 years. 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 has issued equity settled share-based payments to the Business Growth Fund (see Note 28). 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 period of the loan agreement with the Business Growth Fund.

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

Transactions which are material by virtue of their size or incidence are disclosed as exceptional items.

Significant Accounting Policies continued

Financial instruments

(a) Financial assets

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

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

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

(i) Loans and receivables

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

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

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

(ii) Fair value through profit or loss

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

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

(b) Financial liabilities

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

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

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

(i) Financial liabilities measured at amortised cost

These liabilities include the following items:

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

(ii) Fair value through profit or loss

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

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

Also included within this category is the CFD, which was in the balance sheet at fair value with changes in fair value recognised in finance income or expense. The CFD was settled during the year ended 28 March 2015.

(c) Share Capital

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

Adoption of new and revised standards

IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities have been adopted in the year but they have only had a presentation and disclosure impact on these financial statements.

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

Applicable standards, amendments and interpretations that are expected to be effective for periods beginning on or after 1 April 2015 , subject to EU endorsement include the following:

- Amendments to IAS 1 Classification of liabilities
- Amendments to IAS 7 Statement of cash flows
- Amendments to IFRS 2 Share-based payments
- Amendments to IFRS 10, IFRS 11, IFRS 12
- Amendments to IAS 27 (revised), IAS 28 (revised) Consolidated financial statements and related topics
- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers

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

Notes to the Account

1. Segmental information

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

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

Income statement

	For the 52 weeks ended 28 March 2015					For the 52 weeks ended 29 March 2014				
	Revenue £'000	Segmental operating profit £'000	Exceptional operating items £'000	Finance costs £'000	Profit before tax* £'000	Revenue £000	Segmental operating profit £000	Exceptional operating items £000	Finance costs £000	Profit before tax* £000
UK	92,911	8,427	–	(150)	8,277	33,047	1,577	–	(9)	1,568
Australia	35,393	1,552	–	(155)	1,397	38,339	1,686	1,824	(138)	3,372
	128,304	9,979		(305)	9,674	71,386	3,263	1,824	(147)	4,940
Unallocated central expenses		(1,369)	(9,920)	(1,338)	(12,627)		(682)	(1,593)	(384)	(2,659)
Total continuing operations	128,304	8,610	(9,920)	(1,643)	(2,953)	71,386	2,581	231	(531)	2,281
Tax					(1,571)					(672)
(Loss)/profit after tax from continuing activities					(4,524)					1,609
Profit from discontinued operations*					–		5	111		116
(Loss)/profit for the period	128,304	8,610	(9,920)	(1,643)	(4,524)	71,386	2,586	342	(531)	1,725

* Prior year profit from discontinued operations relates to the Canadian operation Colin Campbell & Sons Limited, which was sold on 28 March 2014. The result is shown net of tax.

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

Management information is reviewed on a segmental basis to profit before tax.

1. Segmental information continued

Balance Sheet

	As at 28 March 2015		As at 29 March 2014	
	Segment assets £000	Segment liabilities £000	Segment assets £000	Segment liabilities £000
UK	**93,527**	**65,407**	55,877	24,739
Australia	**19,797**	**7,939**	22,000	11,022
Assets held for sale	**—**	**—**	547	—
Unallocated central assets/liabilities	**888**	**21,036**	472	8,496
	114,212	**94,382**	78,896	44,257

Assets held for sale relates to the Castlemaine spinning mill in Australia which was sold in May 2014.

Other segmental information

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Depreciation and amortisation		
UK	**1,928**	904
Australia	**1,345**	1,650
	3,273	2,554

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

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Capital expenditure		
UK	**1,049**	304
Australia	**342**	227
	1,391	531

Notes to the Accounts continued

2. Exceptional Items from continuing operations

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
(a) Contract for Differences	(7,554)	(1,631)
(b) Acquisition costs	(398)	(655)
(c) Deferred consideration	(1,968)	—
(d) Profit on sale of properties	—	3,297
(e) Restructuring of Australia's spinning mills	—	(780)
	(9,920)	231

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

(a) Relates to the Contract for Differences between the Company and Camden Holdings Limited. The contract was terminated on 28 July 2014 and resulted in the issue of 7,087,730 new shares on 29 July 2014 to Camden Holdings Limited, a company wholly owned by The Camden Trust of which Mr Wilding, Executive Chairman, is the settlor and a discretionary beneficiary. The value of the contract on termination was £9.0m, of which £1.6m was accounted for in the prior year. The exceptional charge in the period also includes £0.15m of related professional fees.

(b) Relate to professional fees in connection with the two acquisitions completed during the year.

(c) Deferred consideration in respect to acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of money. Subsequently, deferred consideration is re-measured at each half-year and year-end to unwind the time value of money and for changes to the earn-out value arising from actual and forecast business performance. Such adjustments are non-cash items.

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

(e) Relate to costs associated with the "right-sizing" and reorganising the two spinning mills to meet reduced volume requirements as a result of declining demand for woollen yarns.

3. Finance costs

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Interest on loans and overdrafts wholly repayable within five years	883	500
Interest on loan from the Business Growth Fund	491	—
Business Growth Fund Redemption Premium Interest	164	—
Business Growth Fund Share Options Charge	60	—
Hire purchase and finance lease interest	45	31
	1,643	531

4. (Loss)/profit on ordinary activities before taxation

	2015 £000	2014 £000
After charging/(crediting)		
Net foreign exchange (gains)/losses	(11)	152
Depreciation of property, plant and equipment (see note 12)	3,003	2,484
Amortisation of intangible assets (see note 11)	270	70
Staff costs (see note 5)	31,899	19,565
Cost of inventories recognised as an expense	86,695	50,544
(Profit)/loss on sale of fixed assets	(69)	(3,324)
Government grants (see note 25)	(295)	(315)
Operating lease rentals	3,235	495
Auditors' remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	25	16
The audit of the Company's subsidiaries pursuant to legislation	119	69
Total audit fees	144	85
Other services pursuant to legislation	1	54
Tax services	29	13
Total non-audit fees	30	67

5. Staff Costs

	2015 £000	2014 £000
Wages and salaries	28,193	17,300
Social security costs	2,174	1,242
Other pension costs	1,532	1,023
Termination benefits	—	—
	31,899	19,565

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

Average number employed (including executive directors of subsidiaries)

	2015 £000	2014 £000
Directors	16	11
Sales and Marketing	101	68
Production	678	378
Logistics	101	53
Maintenance	35	33
Finance, IT and Administration	95	42
	1,026	585

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 £1,532,000 (2014: £1,023,000), of which £869,000 (2014: £345,000) relates to the UK schemes. The total contributions outstanding at year end was £nil (2014: £nil).

Notes to the Accounts continued

6. Tax

	2015 £000	2014 £000
Current tax		
— Current year UK	1,815	168
— Current year overseas	495	1,243
— Adjustments in respect of prior years	(145)	(2)
	2,165	1,409
Deferred Tax (note 19)		
— Credit recognised in the current year	(523)	(836)
— Adjustments in respect of prior years	(92)	30
— Effect of rate change	21	69
	(594)	(737)
Total tax	1,571	672

Corporation tax is calculated at 21% and 30% (2014: 23% and 30%) of the estimated assessable profit for the year in the UK and Australia respectively.

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

	2015 £000	2015 %	2014 £000	2014 %
(Loss)/profit before tax	(2,953)		2,397	
Tax (credit)/charge at the UK corporation tax rate of 21% (2014: 23%)	(620)	21.0	551	23.0
Contract for Differences charge non taxable	1,586	(53.7)	(1)	—
Tax effect of items that are not deductible/ non taxable in determining taxable profit	2	(0.1)	591	24.6
Effect of different tax rates of subsidiaries operating in other jurisdictions	126	(4.3)	234	9.7
Deferred consideration fair value re-measurement non taxable	413	(14.0)	—	—
Effect of change in rate	21	(0.7)	69	2.9
Movement in deferred tax on revalued land no longer required	(4)	0.1	(947)	(39.5)
Tax adjustment for intangibles amortisation	46	(1.5)		
Crystallisation of rollover gain on plant and machinery	—	—	29	1.2
Profit on disposal of UK property non taxable	—	—	(159)	(6.6)
Profit on sale of Colin Campbell & Sons Limited non taxable	—	—	(14)	(0.6)
Tax adjustments in relation to share options	—	—	(2)	(0.1)
Tax effect of investment in Colin Campbell & Sons Limited (discontinued operation)	—	—	(1)	(0.0)
Tax losses not recognised for deferred tax	49	(1.6)	293	12.2
Other short term timing differences	189	(6.4)	—	—
Adjustments to prior periods	(237)	8.0	28	1.2
Tax expense/(credit) and effective tax rate	1,571	(53.2)	672	28.0

7. Dividends

	2015 £000	2014 £000
Amounts recognised as distributions to equity holders in the period:		
Special dividend of 292.0p per share paid on 25 July 2014	20,692	—
Final dividend for the year ended 30 March 2013 6.0p per share (paid 3 October 2013)	—	422
Interim dividend for the year ended 29 March 2014 2.0p per share (paid 20 December 2013)	—	141
	20,692	563

8. (Loss)/earnings per share

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

	Basic 2015 £000	Adjusted 2015 £000	Basic 2014 £000	Adjusted 2014 £000
Profit/(loss) attributable to ordinary equity holders of the parent entity	(4,524)	(4,524)	1,725	1,725
Exceptional items (net of tax effect):				
Contract for Differences	—	7,554	—	1,631
Acquisition costs	—	398	—	633
Deferred consideration	—	1,968	—	—
Profit on sale of Australia properties	—	—	—	(1,823)
Profit on sale of UK property	—	—	—	(693)
Restructuring of Australia's spinning mills	—	—	—	546
Profit on sale of investment in Colin Campbell & Sons Limited	—	—	—	(111)
Earnings for the purpose of basic and adjusted (loss)/earnings per share	(4,524)	5,396	1,725	1,908

Weighted average number of shares

	2015 Number of shares ('000)	2014 Number of shares ('000)
Weighted average number of ordinary shares for the purposes of basic and adjusted (loss)/earnings per share	11,859	7,036
Effect of dilutive potential ordinary shares:		
Business Growth Fund share options	120	—
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	11,979	7,036

The potential dilutive effect of the share options has been calculated in accordance with IAS 33 using the average share price over the period the options have been in existence.

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

	2015 Pence	2014 Pence
Basic adjusted	45.50	27.12
Diluted adjusted	45.05	27.12
Basic	(38.15)	24.52
Diluted	(38.15)	24.52

9. Rates of exchange

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

	2015		2014	
	Average	Year end	Average	Year end
Australia – A$	1.8547	1.9184	1.7057	1.7988

Notes to the Accounts continued

10. Goodwill

	2015 £000	2014 £000
At cost	**6,481**	2,735

Goodwill is attributed to the businesses identified below for the purpose of testing impairment. These businesses are the lowest level at which goodwill is monitored and represent cash generating units ("CGU"). The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	Reported Segment	2015 £000	2014 £000
Globesign Limited	UK	**2,735**	2,735
Whitestone Weavers Group	UK	**2,407**	—
Abingdon Flooring Limited Group	UK	**1,339**	—
		6,481	2,735

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the goodwill has been determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The discount rate of 18.14% is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the market in which the businesses operate. The calculation uses cash flow projections extrapolated from the budget for the year ending 28 March 2015. A terminal value was calculated based on a terminal growth rate assumption of 2.5%

As at 28 March 2015 no impairment provision was considered necessary.

Goodwill comprises intangible assets that do not qualify for separate recognition, in particular the existing workforce.

None of the goodwill is expected to be tax deductible.

11. Intangible assets

		Customer Relationships £000	Brand Names £000	C&H Distribution £000	Group Total £000
Cost	At 31 March 2013	323	322	400	1,045
	Additions (see Note 22)	2,291	2,484	—	4,775
	Intangible assets derecognised	(75)	(75)	(400)	(550)
	At 29 March 2014	2,539	2,731	—	5,270
	At 30 March 2014	2,539	2,731	—	5,270
	Additions (see Note 22)	2,161	2,014	—	4,174
	At 28 March 2015	**4,700**	**4,745**	**—**	**9,445**
Amortisation	At 31 March 2013	199	198	400	797
	Charges for the period	40	30	—	70
	Intangible assets derecognised	(75)	(75)	(400)	(550)
	At 29 March 2014	164	153	—	317
	At 30 March 2014	164	153	—	317
	Charges for the period	163	107	—	270
	At 28 March 2015	**327**	**260**	**—**	**587**
Net book value	**At 28 March 2015**	**4,373**	**4,485**	**—**	**8,858**
	At 29 March 2014	2,375	2,578	—	4,953
	At 30 March 2013	124	124	—	248

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	Total £000
Cost						
At 31 March 2013	12,063	46,449	3,527	62,039	5,506	5,506
Exchange differences	(795)	(5,574)	(400)	(6,769)	—	—
Acquisition	7,396	459	220	8,075	—	—
Additions	10	144	377	531	—	—
Transfers	275	(275)	—	—	—	—
Assets transferred to 'assets held for sale' (See Note 14)	(955)	—	—	(955)	—	—
Disposals	(9,115)	(149)	(195)	(9,459)	(5,506)	(5,506)
At 29 March 2014	8,879	41,054	3,529	53,462	—	—
At 30 March 2014	8,879	41,054	3,529	53,462	—	—
Exchange differences	(29)	(1,427)	(102)	(1,558)	—	—
Acquisition	293	4,126	1,538	5,957	—	—
Additions	34	1,007	350	1,391	—	—
Transfers	(169)	169	—	—	—	—
Disposals	(22)	(1,749)	(384)	(2,155)	—	—
At 28 March 2015	**8,986**	**43,180**	**4,931**	**57,097**	**—**	**—**
Accumulated depreciation						
At 31 March 2013	1,083	34,959	2,219	38,261	540	540
Exchange differences	(74)	(4,125)	(270)	(4,469)	—	—
Charge for the year	258	1,881	345	2,484	60	60
Transfers	231	(231)	—	—	—	—
Assets transferred to 'assets held for sale' (See Note 14)	(408)	—	—	(408)	—	—
Disposals	(815)	(108)	(164)	(1,087)	(600)	(600)
At 29 March 2014	275	32,376	2,130	34,781	—	—
At 30 March 2014	275	32,376	2,130	34,781	—	—
Exchange differences	(13)	(1,136)	(72)	(1,221)	—	—
Charge for the year	289	2,106	608	3,003	—	—
Transfers	(120)	120	—	—	—	—
Disposals	(22)	(1,604)	(329)	(1,955)	—	—
At 28 March 2015	**409**	**31,862**	**2,337**	**34,608**	**—**	**—**
Net Book Value						
At 28 March 2015	**8,577**	**11,318**	**2,594**	**22,489**	**—**	**—**
At 29 March 2014	8,604	8,678	1,399	18,681	—	—
At 30 March 2013	10,980	11,490	1,308	23,778	4,966	4,966

Included within fixed assets are the following:

	Group Plant and machinery Hire purchase £000	Group Fixtures, vehicles and equipment Hire purchase £000	Group Fixtures, vehicles and equipment Finance lease £000	Group Total £000
Held under hire purchase/finance leases:				
Cost at 28 March 2015	**215**	**718**	**1,405**	**2,338**
Accumulated depreciation at 28 March 2015	**68**	**222**	**353**	**643**
Depreciation charged in year	**6**	**39**	**220**	**265**
Held under finance leases:				
Cost at 29 March 2014	—	—	650	650
Accumulated depreciation at 29 March 2014	—	—	257	257
Depreciation charged in year	—	—	118	118

Our Financials

Notes to the Accounts continued

12. Property, plant and equipment continued

Capital expenditure authorised and committed at the period end:

	Group 2015 £000	Group 2014 £000
Contracts placed	188	—

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 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Investment property	(a)	180	180	180	180
Investment in subsidiaries	(b)	—	—	38,180	27,126

a) Investment property

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

b) Investment in subsidiaries

The investment represents shares in subsidiaries at cost.

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

	Country of incorporation and operation	Nature of business
Victoria Carpets Limited	England	Carpet manufacture
Westwood Yarns Limited	England	Yarn manufacture
Carpets@Home Limited	England	Carpet distributor
Globesign Limited	England	Holding Company
Westex (Carpets) Limited	England	Carpet manufacture
Abingdon Flooring Limited	England	Carpet manufacture
Distinctive Flooring Limited	England	Carpet distributor
Alliance Distribution Limited	England	Logistic Services
Whitestone Carpets Holdings Limited	England	Holding Company
View Logistics Limited	England	Logistic Services
Carpet Line Direct Limited	England	Carpet distributor
Whitestone Weavers Limited	England	Carpet distributor
Thomas Witter Carpets Limtied	England	Carpet distributor
Gaskell Mackay Carpets Limited	England	Carpet distributor
The Victoria Carpet Company Pty Limited	Australia	Carpet manufacture
V-Line Carpets Limited	England	Non-trading
The Victoria Carpet Company Limited	England	Non-trading
Flooring at Home Limited	England	Non-trading
Munster Carpets Limited	Ireland	Non-trading

14. Assets held for sale

The assets held for sale in the prior year comparatives related to the Castlemaine spinning mill in Australia. The spinning mill was sold during this period for proceeds amounting to net book value.

15. Inventories

	Group	
	2015	2014
	£000	£000
Raw materials	**5,613**	4,296
Work-in-progress	**2,955**	1,957
Finished goods	**32,388**	14,950
	40,956	21,203

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	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade debtors	**29,120**	12,807	**—**	—
Amounts owed by subsidiaries	**—**	—	**23,763**	15,693
Other debtors	**6**	14	**—**	—
Prepayments and accrued income	**1,827**	1,143	**664**	484
	30,953	13,964	**24,427**	16,177

The average credit period taken on sale of goods is 54 days (2014: 54 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 £811,000 (2014: £218,000) made for estimated irrecoverable amounts from sale of goods. The movement of this allowance account during the year is summarised below:

	2015	2014
	£000	£000
Opening balance at 30 March 2014	**218**	212
Acquisitions opening balances	**805**	—
(Decrease)/increase in provisions	**(64)**	196
Written off against provisions	**(123)**	(159)
Recovered amounts	**(19)**	(8)
Exchange differences	**(6)**	(23)
Closing balance at 28 March 2015	**811**	218

Notes to the Accounts continued

16. Trade and other receivables continued

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:

	2015 £000	2014 £000
1 - 30 days overdue	5,081	1,241
31 - 60 days overdue	484	117
> 60 days overdue	441	216
Total	6,006	1,574

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

	2015 £000	2014 £000
1–30 days overdue	80	99
31–60 days overdue	30	4
> 60 days overdue	990	118
Total	1,100	221

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	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade creditors	23,633	9,554	—	—
Amounts due to subsidiaries	—	—	1	32
Deferred and contingent earn-out liabilities	6,459	1,000	4,416	1,000
Other creditors	5,939	2,827	—	—
Accruals	2,780	2,213	578	491
Fair value of Contract for Differences	—	1,605	—	1,605
Deferred income	255	297	—	—
	39,066	17,496	4,995	3,128

Amounts falling due after one year :

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Deferred and contingent earn-out liabilities	11,675	6,804	6,757	6,804
Deferred income	527	841	—	—
Other creditors	58	71	—	—
	12,260	7,716	6,757	6,804

Deferred and contingent earn-out liabilities (Group and Company) are in connection with the acquisitions of Globesign Limited, Abingdon Flooring group and Whitestone Weavers group. Under IFRS 13 Fair Value Measurement this is classified under the fair value hierarchy as Level 3. The Group deferred and contingent earn-out liabilities due after one year of £11.68m is split as follows: between one to years £5.72m and between two to five years £5.96m.

Deferred income relates to government grants as shown in note 25.

18. Other financial liabilities

Amounts falling due within one year :

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank overdrafts	**10,894**	5,267	**9,517**	5,267
Bank loans	**6,689**	—	**6,689**	—
Hire purchase and finance lease creditors	**825**	139	**—**	—
	18,408	5,406	**16,206**	5,267

Amounts falling due after more than one year:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank Loans				
— between one and two years	**9,712**	4,023	**9,712**	2,768
— between two and five years	**—**	6,965	—	6,965
Other Loans				
— between two and five years	**1,831**	—	**1,831**	—
— over five years	**8,333**	—	**8,333**	—
Hire purchase and finance lease obligations payable				
— Between one and two years	**326**	164	**—**	—
— Between two and five years	**62**	115	**—**	—
	20,264	11,267	**19,876**	9,733

The contractual amounts of loans (undiscounted) falling due after more than one year are repayable as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank Loans				
— Between one and two years	**10,363**	4,732	**10,363**	3,477
— Between two and five years	—	7,042	—	7,042
Other Loans				
— Between one and two years	**2,000**	—	**2,000**	—
— Between two and five years	**6,758**	—	**6,758**	—
— Over five years	**9,408**	—	**9,408**	—

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

Bank borrowings in the United Kingdom are secured by way of debentures over the assets; the UK businesses were in a net debt position of £36.96m at the year end (2014: net cash of £0.19m). Bank borrowings of the Australian subsidiary are secured by a general security agreement over its assets; the Australian company was in a net cash position of £0.68m at the year-end (2014: Net borrowing position of £1.25m).

The Company has guaranteed the bank borrowings of its UK subsidiaries and there is a Composite Accounting Agreement between the Company, Victoria Carpets Limited, Westwood Yarns Limited, Globesign Limited, Westex (Carpets) Limited and Barclays Bank PLC. At the 28 March 2015 the UK subsidiaries were in a net cash position under the Composite Accounting Agreement of £2.93m (2014: net cash position of £0.96m).

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

Other loans were £10.16m at the 28 March 2015 and are in respect of a fully subordinated £10m 2022 unsecured loan note facility provided by the Business Growth Fund at the time of the acquisition of Abingdon Flooring group. The loan agreement also includes a £2.1m redemption premium repayable in 2019 and £0.16m of accrued interest in this period is included within the loan balance.

Notes to the Accounts continued

18. Other financial liabilities continued

Operating lease arrangements

The Group and Company as lessee

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

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Minimum lease payments under operating leases recognised in income statement for the year.	**2,761**	668	**495**	1

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

Minimum lease payments	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Within one year	**4,192**	1,569	**503**	495
In the second to fifth years inclusive	**10,772**	5,521	**2,004**	1,988
After five years	**12,304**	11,926	**6,998**	7,425
	27,268	19,016	**9,505**	9,908

Present value of minimum lease payments	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Within one year	**3,694**	1,382	**439**	436
In the second to fifth years inclusive	**7,261**	3,695	**1,287**	1,290
After five years	**3,583**	3,544	**1,616**	1,655
	14,538	8,621	**3,342**	3,381

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

19. Deferred taxation

	Group £000	Company £000
At 30 March 2013	(574)	471
Exchange adjustment	157	—
Credit to Income statement (Note 6)	(806)	(756)
Adjustment for acquisition of Globesign Limited	(32)	—
Effect of rate change (Note 6)	69	—
Deferred tax on intangible assets acquired	955	—
At 29 March 2014	(231)	(285)
At 29 March 2014	**(231)**	**(285)**
Exchange adjustment	**55**	
Credit to Income statement (Note 6)	**(615)**	**(444)**
Adjustment for acquisitions in year opening balances	**402**	
Effect of rate change (Note 6)	**21**	**21**
Deferred tax on intangible assets acquired	**835**	**—**
At 28 March 2015	**467**	**(708)**

19. Deferred taxation continued

The provision for deferred taxation is as follows:

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Capital Allowances	2,521	618	—	(1)
Liability on recovering value through sale	(81)	(188)	(81)	(77)
Deferred grant income	(234)	(341)	—	—
Tax losses	(1,237)	(838)	—	(207)
Other timing differences	(502)	518	(627)	—
	467	(231)	(708)	(285)

The provision is based on taxation rates of 20% in the UK and 30% in Australia (2014: 20% and 30% respectively).

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

In the 2013 Budget, issued on 20 March 2013, the government announced that the main rate of corporation tax would be reduced to 20% with effect from 1 April 2015. This rate reduction was substantively enacted for financial reporting purposes on 2 July 2013. Accordingly, current tax has been provided for at a rate of 21% and deferred tax has been provided for at a rate of 20% in these financial statements. The Chancellor announced further reductions to the UK corporation tax rate to 19% for FY17 and 18% for FY20 in the 8 July 2015 Budget. Those rates have not yet been formally ratified by Parliament and therefore not taken into account in the current period.

Deferred tax assets and liabilities

The deferred tax balances shown on the balance sheet are:

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Deferred tax liabilities	2,370	1,210	—	—
Deferred tax assets	(1,903)	(1,441)	(708)	(285)
	467	(231)	(708)	(285)

20. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
14,556,579 Ordinary shares of 25p each (2014: 7,087,730)	3,639	1,772

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

The Company issued 7,468,849 fully paid ordinary shares of 25p each during the year ended 28 March 2015, of which 7,087,730 were issued in respect to settlement of the Contract for Differences between the Company and Camden Holdings Limited. The Company issued 379,561 shares to certain senior management of the 3 businesses acquired in the current and prior period, with 73,421 of these shares issued in lieu of deferred consideration payable to the vendors. The Company also issued 1,558 shares in connection with a retailer incentivisation scheme established in July 2014.

Capital risk management

The Group considers its capital to comprise its Ordinary share capital, share premium, accumulated retained earnings and net debt. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group monitors its gearing to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. The Group is subjected to a number of financial covenants in connection with its UK bank facilities. These covenants are tested quarterly and were not breached during the year.

Notes to the Accounts continued

21. Reserves

(i) Share Premium and Retained Earnings

	52 weeks ended 29 March 2014					**52 weeks ended 28 March 2015**			
	At 30 March 2013 £000	Income Statement £000	Dividends paid £000	Other movements £000	At 29 March 2014 £000	Income Statement £000	Dividends paid £000	Other movements £000	**At 28 March 2015 £000**
Group									
Share Premium	829	—	—	80	909	—	—	9,235	**10,144**
Profit and Loss Account	27,262	1,725	(563)	150	28,574	(4,524)	(20,691)	—	**3,359**
Adjustments arising out of consolidation:									
Goodwill	(1,533)	—	—	—	(1,533)	—	—	—	**(1,533)**
Exchange rates	9,995	—	—	(5,078)	4,917	—	—	(756)	**4,161**
Retained earnings	35,724	1,725	(563)	(4,928)	31,958	(4,524)	(20,691)	(756)	**5,987**
Company									
Share Premium	829	—	—	80	909	—	—	9,235	**10,144**
Retained earnings	4,669	25,097	(563)	103	29,306	(6,797)	(20,691)	—	**1,818**

The loss of the Company for the year determined in accordance with the Companies Act 2006 was £6,797,000 (2014: profit of £25,097,000) 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	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Balance at 29 March 2014	**—**	162	**—**	103
Business Growth Fund Share Options - finance costs	**60**	—	**60**	—
Exchange rates	**—**	(12)	**—**	—
Transfer of share-based payment reserve to retained earmings	**—**	(150)	**—**	(103)
Balance at 28 March 2015	**60**	—	**60**	—

22. Acquisition of subsidiaries

(a) Abingdon Flooring Limited and its wholly owned subsidiaries

On 30 September 2014, the Group acquired the entire issued share capital of Abingdon Flooring Limited and its wholly owned subsidiaries, Alliance Distribution Limited and Distinctive Flooring Limited ('Abingdon Flooring group'). The principal activity of the Abingdon Flooring group is the manufacture and sale of carpets, carpet tiles and hard flooring across the UK. The business operates from facilities in South Wales, Kidderminster and Yorkshire, employing a workforce of more than 500 people. The acquisition is expected to be accretive to the underlying earnings per share of the Company.

The Group results for the year ended 28 March 2015 included £38.4m of revenue and £2.4m profit before tax from the Abingdon Flooring group.

Consideration

(i) Initial cash consideration of £7.655m was transferred on acquisition.

(ii) Deferred consideration of up to £4.5m at the end of the third anniversary of the acquisition if Abingdon Flooring Group achieve annual performance targets for increased EBIT, payable in annual instalments of up to £1.5m.

(iii) Deferred consideration at the end of the third anniversary of the acquisition being 50 per cent of the EBIT generated by Abingdon Flooring Group in excess of the cumulative target EBIT of £9.85m over the three financial periods.

(iv) Deferred consideration is also payable if the average working capital for the first 12 calendar months post acquisition is below £13.5m, and payable at 50% of the improvement.

22. Acquisition of subsidiaries continued

Net assets acquired

	Amounts recognised at acquisition date £'000
Property, plant and equipment	4,050
Inventories	12,814
Trade and other receivables	14,636
Net cash/(overdraft)	(67)
Bank loan	(6,300)
HP/ Finance lease	(649)
Trade and other payables	(15,620)
Current tax liabilities	(266)
Deferred tax liability	(220)
Fair value of net assets acquired	8,378
Fair value adjustments	
Intangible assets (see Note 11)	1,672
Deferred tax liability on intangible assets acquired	(335)
Total identifiable net assets	9,715
Goodwill (see Note 10)	1,339
Total consideration	11,054
Satisfied by:	
Cash	7,655
Deferred consideration	3,399
	11,054

The deferred consideration of £3.40m was determined by applying a discounted cash flow model to estimated future earnings.

Net cash outflow arising on acquisition:	
Cash consideration	(7,655)
Cash and cash equivalents acquired	(67)
	(7,722)

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

Transaction costs of £166,000 relating to the acquisition of Abingdon Flooring group have been recognised as an expense and included within adminstrative expenses in the Income Statement.

If the acquisition of Abingdon Flooring group had been completed on the first day of the financial year, Group revenues for the period would have been £36.45m higher and Group profit before tax would have been £0.61m higher.

(b) Whitestone Weavers group

On 14 January 2015, the Group acquired the Whitestone Weavers group of companies, comprising Whitestone Weavers Limited, Carpet Line Direct Limited, Gaskell Mackay Carpets Limited, View Logistics Limited and Thomas Witter Carpets Limited. The principal activity of the Whitestone Weavers group is the design, sale and distribution of carpets across the UK. The business operates from facilities in Hartlepool, employing a workforce of more than 100 people. The acquisition is expected to be accretive to the underlying earnings per share of the Company.

The Group results for the year ended 28 March 2015 included £7.9m of revenue and £0.7m profit before tax from the Whitestone Weavers group.

Notes to the Accounts continued

22. Acquisition of subsidiaries continued

Consideration

(i) Initial cash consideration of £5.748m was transferred on acquisition.

(ii) Deferred cash consideration of (a) £2.271m payable on 31 March 2015; (b) £1.748m payable in April 2016; and (c) £2.536m payable in January 2018.

(iii) Deferred consideration of up to £1.5m at the end of the third anniversary of the acquisition if Whitestone Weavers Group achieve annual performance targets for increased EBITDA, payable in annual instalments of up to £0.5m.

Net assets acquired

	Amounts recognised at acquisition date £'000
Property, plant and equipment	1,907
Inventories	8,920
Trade and other receivables	4,602
Net cash/(overdraft)	(1,146)
Bank loan	(759)
HP/ Finance lease	(414)
Trade and other payables	(4,535)
Current tax liabilities	(534)
Deferred tax liability	(182)
Fair value of net assets acquired	7,859
Fair value adjustments	
Intangible assets (see Note 11)	2,503
Deferred tax liability on intangible assets acquired	(500)
Total identifiable net assets	9,862
Goodwill (see Note 10)	2,407
Total consideration	12,269
Satisfied by:	
Cash	5,748
Deferred consideration	6,521
	12,269

The deferred consideration of £6.52m was determined by applying a discounted cash flow model to estimated future earnings.

Net cash outflow arising on acquisition:	
Cash consideration	(5,748)
Cash and cash equivalents acquired	(1,146)
	(6,894)

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

Transaction costs of £232,000 relating to the acquisition of the Whitestone Weavers group have been recognised as an expense and included within adminstrative expenses in the Income Statement.

If the acquisition of the Whitestone Weavers group had been completed on the first day of the financial year, Group revenues for the period would have been £28.56m higher and Group profit before tax would have been £1.12m higher.

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

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Operating (loss)/profit from continuing operations	**(1,310)**	2,812	**(5,902)**	24,163
Adjustments for:				
— Depreciation charges	**3,003**	2,484	**—**	60
— Amortisation of intangible assets	**270**	70	**—**	—
— Deferred consideration revaluation	**1,968**	—	**1,301**	—
— Fair value charge for Contract for Differences	**7,397**	1,605	**7,397**	1,605
— Profit on disposal of property, plant and equipment	**(69)**	(3,324)	**—**	(693)
— Exchange rate difference on consolidation	**(27)**	55	**—**	—
Operating cash flows before movements in working capital	**11,232**	3,702	**2,796**	25,135
Decrease/(increase) in working capital	**857**	4,317	**(8,112)**	(11,488)
Cash generated/ (used) by operations	**12,089**	8,019	**(5,316)**	13,647
Interest paid	**(1,419)**	(531)	**(1,114)**	(384)
Income taxes paid	**(2,113)**	(395)	**—**	—
Net cash inflow/ (outflow) from operating activities	**8,557**	7,093	**(6,430)**	13,263

24. Analysis of net debt

	At 29 March 2014 £000	Cash flow £000	Acquisition £000	Other non-cash changes £000	Exchange movement £000	**At 28 March 2015 £000**
Cash	15,192	(12,800)	—	—	—	**2,392**
Bank overdraft	(5,267)	(5,627)	—	—	—	**(10,894)**
Cash and cash equivalents	9,925	(18,427)	—	—	—	**(8,502)**
Finance leases and hire purchase agreements						
— Payable less than one year	(139)	241	(773)	(164)	10	**(825)**
— Payable more than one year	(279)	—	(290)	164	17	**(388)**
Bank loans						
— Payable less than one year	—	369	(7,058)	—	—	**(6,689)**
— Payable more than one year	(10,988)	1,198	—	—	78	**(9,712)**
Other loans payable more than one year	—	(10,164)	—	—	—	**(10,164)**
Net debt	(1,481)	(26,783)	(8,121)	—	105	**(36,280)**

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 28 March 2015, the Group's Australian operations benefited from government assistance under the SIP (Strategic Investment Programme) which was accounted for as follows:

	2015 £000	2014 £000
Deferred Income at 29 March 2014	**1,138**	1,774
Total grant income in the year	**—**	—
Less: Amortisation to deferred income by release through cost of production in the year	**(295)**	(315)
Exchange differences	**(61)**	(321)
Deferred income at 28 March 2015	**782**	1,138
Presented in:		
Current liabilities	**255**	297
Non-current liabilities	**527**	841
Deferred income at 28 March 2015	**782**	1,138

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

Our Financials

Notes to the Accounts continued

26. Financial instruments

Background

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

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

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

A contract for differences was entered into in April 2013 between the Company and Camden Holdings Limited, a company wholly owned by The Camden Trust of which Mr Wilding, Executive Chairman, is the settlor and a discretionary beneficiary, and was established to link the performance and reward of Mr Wilding to the creation of wealth for all shareholders. Under the original terms of the agreement, this was to be settled in cash, but was subsequently settled during the financial period in shares and therefore there is no on-going exposure to risk.

General objectives, policies and processes

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

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

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.

26. Financial instruments continued

Liquidity risk

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

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

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

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

Market risk

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

a) Interest rate risk

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

Interest rate sensitivity

The annualised effect of a 50 basis point decrease in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables held constant, have resulted in a increase in a decrease in post-tax loss for the year of £110,000 (2014: increase in post-tax profit of £16,000). 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.

Effective interest rate analysis

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

	As at 28 March 2015						As at 29 March 2014				
	Effective Interest Rate %	Total £000	0–1 years £000	1–2 years £000	2–5 years £000	Over 5 years £000	Effective Interest Rate £000	Total £000	0–1 years £000	1–2 years £000	2–5 years £000
Group											
Cash	—	2,392	2,392	—	—	—	0.08	17,505	17,505	—	—
Bank loans & overdraft	4.15	(27,295)	(17,583)	(9,712)	—	—	2.99	(18,568)	(8,835)	(2,768)	(6,965)
Other loans	13.30	(10,164)	—	—	(1,831)	(8,333)					
Finance lease and HP	5.32	(1,213)	(825)	(326)	(62)	—	6.94	(418)	(66)	(180)	(172)
	6.59	(36,280)	(15,641)	(10,169)	(2,137)	(8,333)	3.08	(1,481)	8,604	(2,948)	(7,137)
Company											
Cash	—	—	—	—	—	—	0.11	13,151	13,151	—	—
Bank loans & overdraft	3.46	(25,918)	(16,206)	(9,712)	—	—	3.70	(15,000)	(5,267)	(2,768)	(6,965)
Other loans	13.30	(10,164)	—	—	(1,831)	(8,333)	—	—	—	—	—
	6.23	(36,082)	(16,206)	(9,712)	(1,831)	(8,333)	3.70	(1,849)	7,884	(2,768)	(6,965)

Notes to the Accounts continued

26. Financial instruments continued

Non-interest bearing liabilities

	2015 £000	2014 £000
Non-interest bearing liabilities falling due within one year	38,901	17,496

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 60% of the Group's net assets.

It is the Board's policy not to hedge against movements in the Sterling/Australian Dollar 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 £121,000. (2014: increased Group post-tax profit by £255,000). A 10% weakening in the exchange rate would, on the same basis, have increased Group post-tax loss by £99,000 (2014: decreased Group post-tax profit by £208,000).

The effect of a 10% strengthening of the Australia Dollar against sterling at year end rates would have resulted in an increase to equity of £1,318,000 (2014: an increase of £1,582,000). A 10% weakening in the exchange rate would, on the same basis, have decreased equity by £1,078,000 (2014: decrease of £1,294,000).

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

	Liabilities		Assets	
	2015 £000	2014 £000	2015 £000	2014 £000
Australian dollar	7,939	11,022	19,797	22,547

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 28 March 2015. 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 (£1,903,000; 2014: £1,441,000)

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 (£40,956,000; 2014: £21,203,000)

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 £3,322,000 (2014: £2,021,000). During the year, provisions relating to these stocks increased by £1,005,000 (2014: an increase of £16,000).

27. Key sources of estimation uncertainty continued

Deferred earn-out consideration and intangible asset valuations on acquisitions

Details of the deferred earn-out consideration and intangible asset valuations on the acquisitions made during the period are set out under note 22. Details of the deferred earn-out consideration for Globesign Limited (acquired in prior year) are set out in the 29 March 2014 Annual Report and Accounts.

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.

28. Share-based payments

Business Growth Fund Share Option Agreement

The Company entered into a fully subordinated £10m 2022 unsecured loan note facility provided by the Business Growth Fund ('BGF') at the time of the acquisition of Abingdon Flooring group. The Company granted BGF an option for 746,000 new Victoria Plc ordinary 25p shares, representing 5% of the Company's deemed enlarged issued share capital at the time of grant. These options have an exercise price of £2.86, being the latest closing mid-market price on the date of grant. The options are exercisable on the earlier of 30 September 2017 and certain changes in the Company's shareholders. Details of the share options outstanding during the year are as follows:

	Number of Shares		Weighted average exercised price (p)	
	2015	2014	**2015**	2014
At start of period	–	–	–	–
Granted during the period	746,000	–	286.0	–
Forfeited or expired during the period	–	–	–	–
Outstanding at end of the period	746,000	–	286.0	–
Exercisable at end of the period	–	–	–	–

The estimated fair value of the options granted to the BGF is £725,000. The fair value of the option will be charged through the income statement and recognised as a finance cost on a straight line basis over the period of the loan note. The total stock option charge in the year is £60k for the six month period the agreement has been in place.

The fair value of the option was calculated at the date of grant using the Black-Scholes model. The inputs into the Black-Scholes are as follows:

Exercised price (p)	286.00
Expected volatility	40%
Expected life	6 years
Risk-free interest rate	3.5%
Expected dividend yields	2.5%

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.

Notes to the Accounts continued

29. Related parties

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

Identity of related parties

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

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

Transactions with key management personnel

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

As at 28 March 2015, the key management personnel, and their immediate relatives controlled 52.4% of the voting shares of the Company.

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

	Group	
	52 weeks 28 March 2015 £000	52 weeks 29 March 2014 £000
Short-term employee benefits	**1,661**	1,033
Post-employment benefits	**196**	112
	1,857	1,145

Transactions with subsidiary undertakings:

	Company	
	52 weeks 28 March 2015 £000	52 weeks 29 March 2014 £000
Dividend income – The Victoria Carpet Company Pty Limited	**—**	14,393
Dividend income – Victoria Carpets Limited	**500**	2,000
Dividend income – Globesign Limited	**2,000**	10,000
Dividend income - Abingdon Flooring Limited	**1,500**	—
Dividend income - Whitestone Carpets Holdings Limited	**500**	—
Rental income – Victoria Carpets Limited	**80**	80

	As at 28 March 2015 £000	As at 29 March 2014 £000
Amounts due from subsidiary undertakings	**23,763**	15,693
Amounts due to subsidiary undertakings	**1**	32

30. Post balance sheet events

New bank facilities

The Company has agreed a new multi-currency revolving facility with its existing Group bankers, Barclays and HSBC, which has replaced existing facilities and provides substantial headroom for future growth.

Five Year Record

		52 weeks 28 March 2015 £000	52 weeks 29 March 2014 £000	52 weeks 30 March 2013 £000	52 weeks 31 March 2012 £000	52 weeks 2 April 2011 £000
Results of continuing operations						
Revenue		**128,304**	71,386	70,909	77,126	70,503
EBITDA (note a)		**11,883**	5,135	2,331	5,642	5,358
Depreciation and amortisation		**(3,273)**	(2,554)	(2,752)	(2,974)	(2,962)
Operating profit/(loss) (Pre Exceptional items)		**8,610**	2,581	(421)	2,668	2,396
Finance costs		**(1,643)**	(531)	(465)	(461)	(472)
Profit/(loss) before tax and exceptional items		**6,967**	2,050	(886)	2,207	1,924
Exceptional items		**(9,920)**	231	(2,634)	(660)	—
Profit/(loss) before tax		**(2,953)**	2,281	(3,520)	1,547	1,924
Tax		**(1,571)**	(672)	738	(461)	(715)
Profit/(loss) from continuing operations		**(4,524)**	1,609	(2,782)	1,086	1,209
Profit/(loss) for the period from discontinued operations		—	116	(182)	—	—
Profit/(loss) attributable to shareholders		**(4,524)**	1,725	(2,964)	1,086	1,209
Dividend attributable to the period		—	141	563	729	625
ASSETS EMPLOYED						
Operating assets						
Non-current assets		**38,008**	26,549	24,206	26,458	27,593
Net current assets (note b)		**30,829**	17,056	23,155	24,144	21,668
Non-current liabilities		**(12,727)**	(7,485)	(1,380)	(2,535)	(3,268)
		56,110	36,120	45,981	48,067	45,993
Financed by						
Share capital and premium		**13,783**	2,681	2,587	2,565	2,565
Retained reserves		**6,047**	31,958	35,886	37,755	37,197
Shareholders funds		**19,830**	34,639	38,473	40,320	39,762
Net debt		**36,280**	1,481	7,508	7,747	6,231
		56,110	36,120	45,981	48,067	45,993
ANALYSIS						
Return on operating assets	%	**15.34**	7.15	(0.92)	5.55	5.21
Return on shareholders funds	%	**(14.89)**	6.59	(9.15)	3.84	4.84
Earnings per share (basic)	p	**(38.1)**	24.5	(39.6)	15.6	17.4
Earnings per share (basic adjusted)	p	**45.5**	27.1	(11.0)	23.7	18.3
Dividend per share attributable to the period	p	—	2.0	8.0	10.5	9.0
Dividend cover (basic)	times	**n.a**	11.41	n.a	1.49	1.93
Dividend cover (adjusted)	times	**n.a**	13.53	n.a	2.26	2.04

Notes

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

VICTORIA PLC

Shareholder Information

Corporate website
The Annual Report, Company announcements and other information are available on the Group's website at: www.victoriaplc.com.

Shareholder queries
If you have any queries in relation 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

Preliminary results announcement	30 July 2015
AGM	25 September 2015
Half year results	November 2015

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.victoria.plc.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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282204

Advisors
Auditor: Nexia Smith & Williamson – 25 Moorgate, London, EC2R 6AY
Banker: Barclays Bank PLC – PO Box 3333, One Snow Hill, Queensway, Birmingham, B3 2WN
Registrar: Capita Registrars Ltd – The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Solicitor: Brown Rudnick LLP – 8 Clifford Street, London, WS1 2LQ
Stockbroker: Cantor Fitzgerald Europe – One Churchill Place, Canary Wharf, London E14 5RB
Public Relations: MHP Communications – 60 Great Portland Street, London, W1W 7RT

Glossary

CFD	Contract for Differences
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation and exceptional items
Exceptional Items	Transactions which are material by virtue of their size or incidence
FY15	The 52 weeks ended 28 March 2015
FY16	The 53 weeks ending 2 April 2016
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LTIP	Long Term Incentive Plan
KPIs	Key Performance Indicators used to assess business performance
PBT	Profit before taxation
PSP	Performance Share Plan

Principal Subsidiaries and their Directors

Victoria Carpets Limited
Manufacture, distribution and sale of carpets
Kidderminster, UK
John Shirt (Non-executive Chairman)
Neil Glover (Managing)
Gary Restall
Jonathan Stone

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

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

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

Abingdon Flooring Limited
Manufacture, distribution and sale of carpets
Newport, Wales, UK
James Taylor (Managing)
Edward Charlesworth
Robert Dight
Martin Peace
Christine Matthews
Geoffrey Wilding

Whitestone Weavers Limited
Distributor of carpet and carpet accessories
Hartlepool, UK
Steve Byrne (Managing)
Vincent Holden
Geoffrey Wilding

Gaskell Mackay Carpets Limited
Distributor of carpet and carpet accessories
Hartlepool, UK
Steve Byrne (Managing)
Stephen Donlan
Geoffrey Wilding

Carpet Line Direct Limited
Distributor of carpet and carpet accessories
Hartlepool, UK
Steve Byrne (Managing)
Nicholas Finley
Clive Beckett
Geoffrey Wilding

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