VICTORIA PLC

Annual Report and Accounts
for the 53 weeks ended 2 April 2016

www.victoriaplc.com
stock code: VCP

VICTORIA PLC

Mission Statement

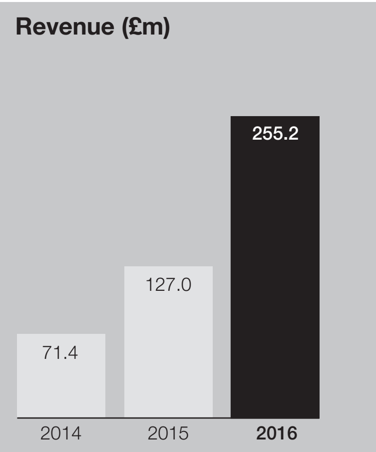
To create wealth for our Shareholders

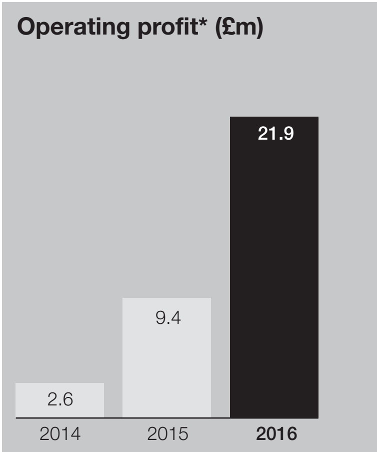
→ Read the Victoria Snapshot on pages 2 to 3

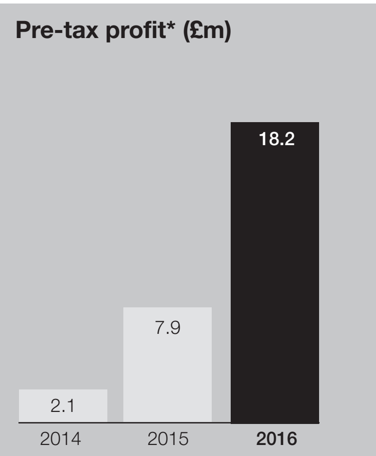
Welcome to Victoria PLC

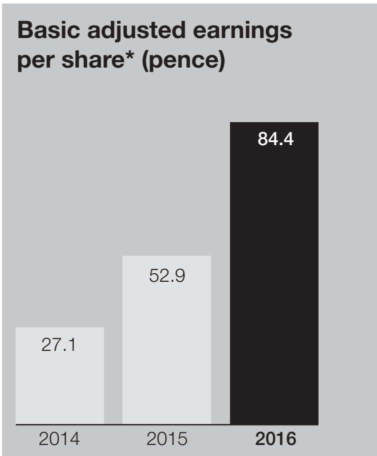
Victoria is a leading designer, manufacturer and distributor of innovative flooring products.

Group Financial Highlights









* before non-underlying and exceptional items

See further information online:
www.victoriaplc.com

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Contents

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

VICTORIA PLC

A Snapshot of Victoria PLC

The Group has operations in the UK and Australia, employing approximately 1,700 people across 12 sites.

The Group manufactures wool and synthetic broadloom carpets, carpet tiles, underlay and flooring accessories. In addition, it markets and distributes a range of complementary LVT (luxury vinyl tile) and hardwood flooring products produced by 3rd party manufacturers.

United Kingdom 77%

Revenue
£196.9m

Operating profit*
£18.2m

Employees†
1,373

m^2 flooring sold‡
60.0m

Australia 23%

Revenue
£58.3m

Operating profit*
£4.9m

Employees†
300

m^2 flooring sold‡
8.0m

* Operating profit before non-underlying and exceptional items, excluding unallocated central expenses of £1.2m

† Number of employees as at 2 April 2016

‡ m^2 data is approximate annualised figure

†

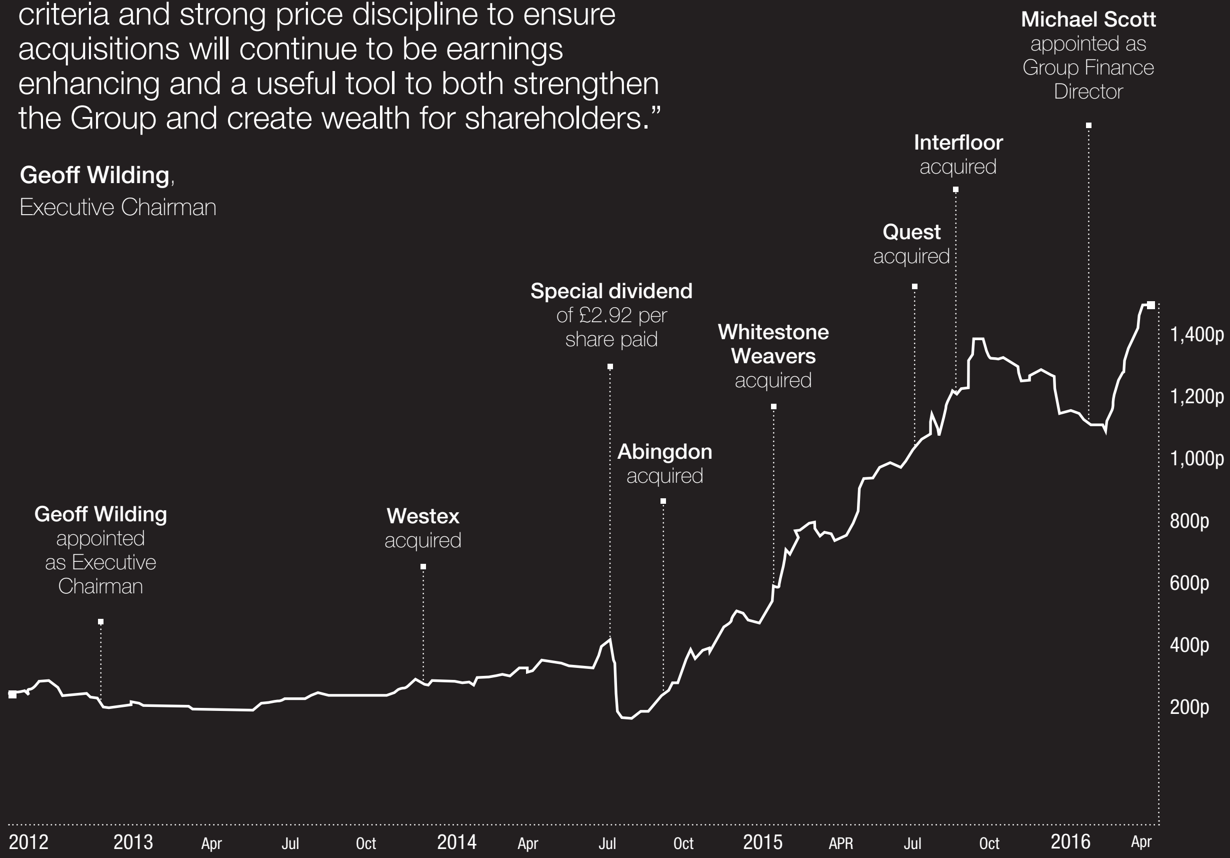
Brands

Creating wealth for our Shareholders

The Group's strategy is designed to create wealth for its shareholders by constantly increasing earnings per share via acquisitions and sustainable organic growth.

"We continue to identify and explore acquisition opportunities both in the UK, the Continent and further afield. We maintain very strict criteria and strong price discipline to ensure acquisitions will continue to be earnings enhancing and a useful tool to both strengthen the Group and create wealth for shareholders."

Geoff Wilding,
Executive Chairman



VICTORIA PLC

Chairman's Statement

"A good plan violently executed today, is better than a perfect plan next week"

General George Patton

All – or at least most – management teams have a written business plan. Most seem to run to many pages complete with indexes, appendices, lots of colourful charts, flow diagrams, and financial projections – purporting to be accurate to two decimal places – from now until the end of time. Victoria's business plan isn't anywhere near so grand; it fits on a single piece of A4 paper. I wouldn't want to claim it is the most brilliant business plan ever devised but it is simple, clear – and wholly focussed on the mission: *"To create wealth for shareholders"*. Most importantly, it seems to work and the main reason for this is execution.

The operational management team at Victoria is simply extraordinary at getting on with making things happen. They are already half way around the track when competitors are still putting on their running shoes! Remember, our entire management team consists of successful entrepreneurs who have built their businesses over many years – through all economic cycles – in order to become one of the very few outstanding companies Victoria has acquired. It is difficult to overstate the benefit to Victoria of their experience and commitment. They have strong opinions and do not hesitate to express them. We operate as a 'team of teams', sharing information and co-operating extensively to increase earnings and reduce risk while maintaining a very flat management structure. During the period we continued to seek opportunities to improve operating through better buying terms with suppliers, greater logistic efficiencies and the joining up of manufacturing capabilities.

As a result I am pleased to advise shareholders that Victoria's financial strength continued to improve in FY16:

- Group revenue grew by 100.9% (105.9% in constant currency terms) from £127.0m to £255.2m
- Underlying Group operating profit more than doubled from £9.4m to £21.9m
- Underlying Group profit before tax substantially increased from £7.9m to £18.2m
- After exceptional items, the Group recorded a profit before tax of £9.3m, compared with a £1.6m loss before tax in the prior year
- Group net debt as at year-end was £61.1m, less than two times annualised EBITDA

It is important to understand that there is little seasonality between the two halves of our financial year and, obviously, much of the revenue growth has been the result of the two acquisitions we made mid-way through the year – Quest Carpets (in August) and Interfloor Group (in September). However shareholders can be particularly encouraged by the realisation of operational synergies, which can be seen in the improved operating margins, and which have driven significantly enhanced like-for-like performance in the businesses that have been part of Victoria since the start of the year. More remains to be done – the process is on-going and never-ending – but the benefits of the Group's strategy of achieving scale through acquisitions are already becoming clear, with underlying profit before tax up by over 130%.

£m	H1	H2	Full year FY16
Revenue	105.6	149.6	255.2
Underlying EBITDA*	12.5	19.8	32.3
Underlying operating profit*	7.8	14.1	21.9
Underlying profit before tax*	6.4	11.8	18.2

* before non-underlying and exceptional items

To illustrate this further I thought it might be useful for shareholders to understand a little more about the scale of the impact Victoria is having on the businesses we have acquired and why over the last three years we have had 12 profit upgrades by equity research analysts.

- The five companies acquired by Victoria, at an average cost of under 6x historical EBITDA, delivered a consolidated operating profit in FY16 that was approximately £3.5m higher than the aggregate of the operating profits achieved in their respective 12 month periods prior to acquisition.
- The underlying operating profit margin across the acquired businesses has increased by approximately 130 basis points, driven by successfully delivered cost synergies.
- There has been a focus on stock management, resulting in an improvement in average stock turn across the acquired businesses from 3.2x in FY15 to 3.7x in FY16, resulting in approximately £7.5m less cash tied up in working capital and a much reduced risk of obsolete stock.

There is no reason we cannot continue to have this – and more – positive effect on businesses as they are acquired to the benefit of Victoria's shareholders.

Dividend

I have previously highlighted that one of the attractions of carpet manufacturers is the amount of cash that they generate.

This year, Victoria's pre-exceptional operating cash flow was £32.8m and free cash flow (i.e. after interest, tax and net capital expenditure) was £17.2m.

As a result, it is the Board's expectation that in the medium term Victoria will be capable of paying an attractive dividend. However, in the short term, we remain of the view that the most wealth will be created for shareholders by deploying the free cash-flow generated by Group businesses towards paying down debt quickly and acquiring other high quality flooring manufacturers in the UK and overseas.

Therefore we have resolved not to pay a dividend for FY16.

Appointment of Group Finance Director

Victoria was fortunate in January to secure the appointment of Michael Scott as the Group's Finance Director. Prior to his appointment, Michael spent eight years at Rothschild where, as part of their Global Financial Advisory business, he worked across a wide range of public and private company transactions, mergers & acquisitions and debt and equity-related fund raisings. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

His experience of the PLC-world and corporate finance strengthens the Board and will be invaluable in the continued execution of our business plan.

Chairman's Statement continued

Outlook

Both markets in which Victoria trades – the UK and Australia – continue to perform well and the Group has enjoyed a strong start to the current financial year.

UK

The ludicrous over-reaction to the outcome of the EU referendum complete with hyper-ventilating commentators and hysterical luvvie wittering has become more balanced recently. Although there will inevitably be further ups and downs over the months ahead, I expect the UK's decision to leave the EU to be positive for the Group's competitiveness in the foreseeable future.

There are several reasons for this:

- More than half the carpet sold in the UK is manufactured in Europe, primarily Belgium and the Netherlands. Therefore although a weaker pound may increase some of our raw material costs slightly, it also makes this imported product materially more expensive and, as a result, offers Victoria the opportunity to grow its market share – particularly with larger retailers and some of the buying groups who currently source a significant portion of their product offering from the Continent.
- General treasury risk for the Group is also limited. We have only a small amount of non-sterling (AUD) denominated debt, which is naturally hedged against the Australian business earnings. We always match our foreign currency liabilities to our income – we are flooring manufacturers, not currency traders.
- The Group exports a negligible amount of product to the EU.
- Approximately 20% of the Group's earnings come from its Australian operations and a weaker pound will result in higher profits when translated into GBP.

More generally, the UK business has seen positive trading since the start of the year. Possibly due to the changes in stamp duty, consumers appear to be choosing to invest more in their existing home rather than moving. There is no quicker or more dramatic way to improve the appearance and style of a home than upgrade the flooring.

Australia

The Australian flooring market is also experiencing good demand from consumers following the recent election. The weakness in the Australian dollar (against Sterling) throughout FY16 impacted the paper translation of earnings but has had no impact on revenues or margins within the Australian trading businesses. This situation has, of course, reversed with the recent weakness in Sterling and assuming it continues will result in materially higher Sterling earnings for the current financial year.

Conclusion

At Victoria we are constantly seeking ways to maximise expense variability while maintaining tight control over costs and inventory to ensure that the group is well positioned should trading conditions change.

We continue to identify and explore acquisition opportunities both in the UK, the Continent and further afield. Some happen; some don't. We maintain very strict criteria and strong price discipline to ensure acquisitions will continue to be earnings enhancing and a useful tool to both strengthen the Group and create wealth for shareholders.

In summary, the outcome of the EU referendum has no immediate impact on the Group's growth plans, nor have we seen any change in demand for our products. Therefore I am pleased to say the Board faces the 2017 financial year with considerable confidence that we will continue to deliver increasing levels of earnings for our shareholders.

Geoffrey Wilding
Executive Chairman

25 July 2016

Strategic Report

Business Overview

Victoria PLC is a leading designer, manufacturer and distributor of innovative flooring products. The Group is headquartered in the UK, with operations across the UK and Australia employing approximately 1,700 people across 12 sites.

The Group manufactures wool and synthetic broadloom carpets, carpet tiles, underlay and flooring accessories. In addition, it markets and distributes a range of complementary LVT (luxury vinyl tile) and hardwood flooring products produced by third-party manufacturers.

A review of the performance of the business is provided within the Financial Review.

Business Model

Victoria's business model is underpinned by five integrated pillars:

1. Superior customer offering
   Offering a range of leading quality and complementary flooring products across a number of different brands, styles and price points, focused on the mid-to-upper end of the market.

2. Sales driven
   Highly motivated, independent and appropriately incentivised sales teams across each brand and product range, ensuring delivery of a premium service and driving profitable growth.

3. Flexible cost base
   Multiple production sites with the flexibility, capacity and cost structure to vary production levels as appropriate, in order to maintain a low level of operational gearing and maximise overall efficiency.

4. Focused investment
   Appropriate investment to ensure long-term quality and sustainability, whilst maintaining a focus on cost of capital and return on investment.

5. Entrepreneurial leadership
   Flat structure with a team of eight senior managers running the daily business (see further details on page 16) with income statement 'ownership' and linked incentivisation, and who work closely with the PLC Board to plan and implement the medium-term strategy.

Strategic Report continued

Strategy

The Group's successful strategy to create wealth for its shareholders continues to be to deliver profitable and sustainable growth, both from acquisitions and organic drivers.

In terms of acquisitions, the Group continues to seek and monitor good opportunities in key target markets that will complement the overall commercial offering and help to drive further improvement in our KPIs. Funding of acquisitions is primarily sought from debt finance to maintain an efficient capital structure, insofar as a comfortable level of facility and covenant headroom can be achieved.

Organic growth is fundamentally driven by the five pillars of the business model highlighted above. In addition, the Group continues to seek and deliver synergies and transfer best operating practice between acquired businesses, both in terms of commercial upside, and cost and efficiency benefits to drive like-for-like margin improvement.

Key performance indicators

The KPIs monitored by the Board and the Group's performance against these are set out in the table below.

KPIs	**Year ended 2 April 2016 £m**	Year ended 28 March 2015 £m
Revenue	**255.2**	127.0
Revenue growth at constant currency	**105.9%**	84.1%
Underlying EBITDA	**32.3**	15.8
Underlying EBITDA margin	**12.6%**	12.5%
Underlying operating profit	**21.9**	9.4
Underlying operating margin	**8.6%**	7.4%
Underlying return on operating assets[1]	**16.6%**	16.0%
EPS (basic, adjusted)	**84.39p**	52.90p
Adjusted net debt/EBITDA[2]	**1.85×**	1.79×
EBITDA interest cover[2]	**7.82×**	7.20×

1. Underlying return on operating assets = underlying operating profit (earnings before interest, taxation and non-underlying items) for the year / (year-end total equity + net debt)
2. As measured in line with our bank facility covenants

All of these KPIs have improved during the year, other than adjusted net debt / EBITDA which has remained broadly flat. Underlying return on operating assets has seen a 63 basis point improvement, driven by the impact of acquisitions in the year as well as cost synergies which were successfully delivered.

Further commentary on these KPIs is provided in the Financial Review.

Principal risks and uncertainties

The Board and senior management team of Victoria identifies and monitors principal risks and uncertainties on an ongoing basis. These include:

Competition – the Group operates 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.

Economic conditions – the operating and financial performance of the Group is influenced by economic conditions within the geographic areas within which it operates, in particular the UK, Australia and the Eurozone. Currently, a key uncertainty around the UK and Eurozone economic outlook is driven by the proposed exit of the UK from the European Union ('Brexit'). The risk of Brexit for the Group is mitigated by the UK Division not being heavily reliant on imports or exports, and the Australia Division being operationally entirely independent. The Group remains focused on driving efficiency improvements, cost reductions and ongoing product development to adapt to the current market conditions.

Key input prices – a material adverse changes in certain raw material prices, in particular wool and synthetic polymer or yarn, could affect the Group's profitability. A proportion of these costs are denominated in US Dollars and Euros which gives rise to foreign exchange risk, which is currently impacted in the UK by the uncertainty in medium-to-long term exchange rates against Sterling in light of Brexit. Key input prices are closely monitored and the Group has a sufficiently broad base of suppliers to remove arbitrage risk, as well as being of such a scale that it is able to benefit from certain economies arising from this. Furthermore, whilst there is some foreign exchange risk beyond the short-term hedging arrangements that are put in place, the vast majority of the Group's cost base remains in domestic currency (Sterling and Australian Dollars for the two Divisions, respectively) and in the UK this could ultimately result in a competitive advantage versus companies exporting to the UK from Continental Europe.

Acquisitions – acquisition-led growth is a key part of the Group's ongoing strategy, and risks exist around the future performance of any potential acquisitions, unforeseen liabilities, or difficulty in integrating into the wider Group. The Board carefully reviews all potential acquisitions and, before completing, carries out appropriate due diligence to mitigate the financial, tax, operational, legal and regulatory risks. Risks are further mitigated through the retention and appropriate incentivisation of acquisition targets' senior management. Where appropriate the consideration is structured to include deferred and contingent elements which are dependent on financial performance for a number of years following completion of the acquisition.

Other operational risks – in common with many businesses, sustainability of the Group's performance is subject to a number of operational risks, including major incidents that may interrupt planned production, and the recruitment and retention of key employees. These risks are monitored by the Board and senior management team and appropriate mitigating actions taken.

Corporate responsibility

Victoria PLC is committed to being an equal opportunities employer and is focused on hiring and developing talented people.

The health and safety of our employees, and other individuals impacted by our business, is taken very seriously and is reviewed by the Board on an ongoing basis.

The Board is reviewing the requirements of the Modern Slavery Act 2015 and the Company's statement will be released in due course.

As a manufacturing and distribution business, there is a risk that some of the Group's activities could have an adverse impact on the local environment. Policies are in place to mitigate these risks, and all of the businesses within the Group are committed to full compliance with all relevant health and safety and environmental regulations.

On behalf of the Board

Geoffrey Wilding
Executive Chairman

25 July 2016

Michael Scott
Group Finance Director

25 July 2016

VICTORIA PLC

Financial Review

The Group continued its significant development during the year to 2 April 2016, in particular as a result of the acquisitions of Interfloor Group in the UK and Quest Carpets in Australia. The integration of both of these businesses has been successfully completed.

Revenue

Group revenue from continuing operations doubled during the year from £127.0m to £255.2m. This comprises 115% annual growth in the UK Division and 80% annual growth in the Australia Division on a constant currency basis.

	UK £m	Australia £m	Central expenses £m	**Total £m**
Revenue:				
Year ended 2 April 2016	**196.9**	**58.3**	**–**	**255.2**
Year ended 28 March 2015	91.6	35.4	–	**127.0**
Revenue growth:				
Reported	114.9%	64.6%	–	**100.9%**
Constant currency[1]	**114.9%**	**80.4%**	**–**	**105.9%**

This growth was primarily a result of the contribution from acquisitions, both in terms of the acquisitions in the year of Quest Carpets and Interfloor Group and the full-year beneficial impact of Abingdon Flooring and Whitestone Weavers group, which were acquired during the previous financial year.

In addition, the underlying business has continued to perform strongly, delivering average organic revenue growth across the Group of over 3.0%[2], driven by increased sales volumes.

Gross profit

Gross margin for the Group noticeably improved by 93 basis points in the year from 32.5% to 33.4%, thereby delivering 107% growth in consolidated gross profit from £41.3m to £85.2m.

	Year ended 2 April 2016				Year ended 28 March 2015			
	UK £m	**Australia £m**	**Central expenses £m**	**Total £m**	UK £m	Australia £m	Central expenses £m	Total £m
Underlying gross profit	**68.4**	**16.8**	**–**	**85.2**	32.0	9.2	–	41.3
Gross margin:								
Reported	**34.7%**	**28.9%**	**–**	**33.4%**	35.0%	26.1%	–	32.5%
Annualised[3]	**34.7%**	**29.3%**	**–**	**33.4%**	32.1%	28.3%	–	31.3%

The underlying profitability of the Group increased by a much greater margin during the year; although this has been offset in the reported figures by the impact of the UK acquisitions on the relative mix of existing high-end UK product categories. As a result, whilst the reported UK numbers show a small 22bps decline in gross margin, annualised figures[1] show an underlying year-on-year improvement of 257 basis points. On the same basis at a Group level, the underlying gross margin has improved by 211 basis points.

The uplift in underlying gross margin was driven primarily by operational improvements including the impact of cost synergies which were successfully delivered following acquisitions.

1. Revenue growth at constant currency is calculated applying the same GBP:AUD exchange rate to both years of 2.0327 (being the average exchange rate during the year ended 2 April 2016).
2. Organic annual growth is assessed on the basis of including a full year of revenue or sales volumes for all businesses acquired up to 2 April 2016, both in the year ended 2 April 2016 and in the prior year ended 28 March 2015. Figures are adjusted as required for the 53 week period to indicate like-for-like growth. Revenue from Australia is converted at constant currency (GBP:AUD of 2.0327).
3. Annualised gross margin is assessed on the basis of including a full year of contribution for all businesses acquired up to 2 April 2016, both in the year ended 2 April 2016 and in the prior year ended 28 March 2015. Contribution from Australia is converted at constant currency (GBP:AUD of 2.0327).

Expenses

Underlying distribution and administration costs increased by 97% from £32.2m to £63.6m, slightly less than the relative percentage increase in revenue.

There were also a number of non-underlying and exceptional operating expenses incurred during the year, totalling £4.2m. Amortisation of acquired intangibles – a non-cash expense – increased from £0.3m in the prior year to £2.3m, of which £1.5m relates to Interfloor Group which was acquired during the year. A further £0.6m of costs in the year relate to the closure of a small non-core part of UK operations and a specific fixed asset impairment; and the remaining £1.3m predominantly relates to exceptional fees in respect of acquisitions and disposals.

		Year ended 2 April 2016 £m		Year ended 28 March 2015 £m
Distribution and administration costs		**63.6**		32.2
Other operating income		**(0.3)**		(0.4)
Underlying net expenses		**63.3**		31.8
Intangible amortisation	**2.3**		0.3	
Asset impairment	**0.2**		—	
Non-core closure costs	**0.4**		—	
Other exceptional items	**1.3**		7.1	
Total non-underlying operating items		**4.2**		7.4
Proportion of closure costs taken in cost of sales		**(0.2)**		–
Reported net expenses		**67.3**		39.2

Operating profit

Reported operating profit (earnings before interest and taxation) increased during the year by over 8 times, from £2.1m to £17.7m.

After removing the non-underlying and exceptional items listed above, underlying operating profit of £21.9m was delivered during the year, a 133% increase over the prior year. This growth comprised 99% annual growth in the UK Division and 216% annual growth in the Australia Division, plus a small decrease in central expenses.

The Group's underlying operating margin has, of course, been impacted by the same change in UK product mix as a result of acquisitions, as described above in relation to gross margin. Nevertheless, a 117 basis point improvement, from 7.4% to 8.6%, was achieved during the year.

	Year ended 2 April 2016				Year ended 28 March 2015			
	UK £m	Australia £m	Central expenses £m	Total £m	UK £m	Australia £m	Central expenses £m	Total £m
Underlying operating profit	**18.2**	**5.0**	**(1.2)**	**21.9**	9.2	1.6	(1.3)	9.4
Non-underlying items	**(3.2)**	**(0.7)**	**(0.3)**	**(4.2)**	(0.7)	—	(6.7)	(7.3)
Reported operating profit	**15.0**	**4.3**	**(1.5)**	**17.7**	8.5	1.6	(8.0)	2.1
Underlying operating margin	***9.2%***	***8.5%***	**—**	***8.6%***	*10.0%*	*4.4%*	—	*7.4%*
Underlying profit before tax				**18.2**				7.9
Reported profit / (loss) before tax				**9.3**				(1.6)
Underlying PBT margin				***7.1%***				*6.2%*

Underlying profit before tax grew 130% in the year to £18.2m.

Financial Review continued

Taxation

The reported tax charge in the year was £3.3m against a reported pre-tax profit of £9.3m, giving an effective tax rate of 36.0%. This was distorted by the impact of the exceptional and non-underlying costs, the majority of which have been treated as non-deductible for corporation tax purposes. The underlying effective tax rate measured against adjusted profit before tax is 23.6%.

Earnings per share

Basic earnings per share from continuing operations were 36.1p in the year, compared with a reported loss in the prior year of (27.4p). Although the prior year result was distorted by the substantial non-cash settlement of the Contract for Differences, there has, nonetheless, been significant growth in the underlying business, with adjusted earnings per share (before non-underlying and exceptional items) increasing from 52.9p to 84.4p.

	Year ended 2 April 2016 pence	Year ended 28 March 2015 pence
Basic earnings per share from continuing operations	**36.08p**	(27.37p)
Basic adjusted earnings per share from continuing operations	**84.39p**	52.90p

Operating cash flow

The Group delivered underlying EBITDA in the year of £32.3m, an increase of 104% on the prior year.

Cash flow from operating activities before interest, tax and exceptional items was £32.8m, which represents a conversion of over 100% of underlying EBITDA. This is an 84% increase on the prior year operating cash flow, with a similar EBITDA conversion ratio.

Pre-exceptional free cash flow of the Group – after interest, tax and net capital expenditure – was £17.2m. Compared with underlying operating profit (i.e. post-depreciation), this represents a conversion ratio of 78%. This was lower than the prior year due to an increase in capital expenditure of £5.1m.

	Year ended 2 April 2016 £m	Year ended 28 March 2015 £m
Underlying operating profit from continuing operations	**21.9**	9.4
Add back: Depreciation	**10.4**	6.4
Underlying EBITDA	**32.3**	15.8
Non-cash items	**(0.1)**	(0.2)
Foreign exchange	**0.5**	(0.0)
Movement in working capital	**0.1**	2.2
Operating cash flow from continuing operations before interest, tax and exceptional items	**32.8**	17.8
% conversion against underlying operating profit	**150%**	189%
% conversion against EBITDA	**102%**	112%
Interest paid	**(3.2)**	(1.4)
Corporation tax paid	**(3.2)**	(2.1)
Capital expenditure (including hire purchase)	**(10.2)**	(5.1)
Proceeds from fixed asset disposals	**1.0**	0.8
Free cash flow from continuing operations before exceptional items	**17.2**	10.0
% conversion against underlying operating profit	**78%**	106%
% conversion against EBITDA	**53%**	63%

Net debt

As at 2 April 2016 the Group's net debt position was £61.1m. This compares with £35.7m as at the previous year-end, 28 March 2015. Of this £25.4m increase, a net £1.0m was due to translational differences on Australian dollar denominated net debt. The principal reason for the remaining increase in net debt during the year was due to acquisitions.

	Year ended 2 April 2016 £m	Year ended 28 March 2015 £m
Total initial cash consideration for acquisitions (net of cash acquired)	(19.3)	(14.6)
Total debt acquired or refinanced	(54.7)	(8.1)
Deferred consideration payments	(7.5)	(1.0)
Acquisition costs	(1.3)	(0.4)
Gross acquisition related expenditure	(82.8)	(24.1)
Net proceeds from issue of share capital	43.0	1.5
Net acquisition related expenditure	(39.7)	(22.6)
Free cash flow from continuing operations before exceptional items (see above)	17.2	10.0
Net distribution to shareholders	—	(20.7)
Refinancing costs paid	(1.1)	(0.4)
Additional debt funding required (before non-underlying items)	(23.7)	(33.7)
Non-underlying items:		
Exceptional cash items	0.0	—
Cash flow from discontinued operations	0.1	(1.2)
Non-cash adjustment to BGF loan recognised	(0.3)	0.6
Foreign exchange differences on opening cash/debt	(1.6)	0.1
Movement in net debt	(25.4)	(34.2)
Opening net debt	(35.7)	(1.5)
Closing net debt	(61.1)	(35.7)

Applying our banks' adjusted measure of financial leverage, the Group's year-end net debt to EBITDA ratio was 1.85x, almost in line with the equivalent ratio at the previous year-end.

	2 April 2016 £m	28 March 2015 £m
Net cash and cash equivalents	19.1	(8.5)
Bank loans	(69.3)	(16.4)
BGF loan	(9.8)	(9.5)
Finance leases and hire purchase arrangements	(1.1)	(1.2)
Net debt	(61.1)	(35.7)
Adjusted net debt/EBITDA[1]	1.85×	1.79×

1. As measured in line with our bank facility covenants

Business and Performance

Financial Review continued

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.

This year, we have made a change to our accounting policies in relation to the treatment of expenditure on sampling fixed assets. These assets, comprising both flooring samples and display units on which samples are presented, are held by our retail customers to assist in marketing and selling to end consumers. Under the previous accounting treatment, expenditure on these assets was expensed as incurred, despite relating to revenues generated in future periods. In order to correct this and appropriately match the investment to the revenues generated, as well as to recognise the existence of the assets being held in our customers' stores, this expenditure is now capitalised and depreciated over a period of 24 months. Details of the impact of this change on the Groups' prior year results (reflecting the Group's performance had this accounting policy been adopted historically) is set out in note 31(b) to the financial statements.

There have been no other material changes in the accounting policies of the Group and its subsidiaries this year.

Funding and going concern

As reported in the last annual report, in April 2015 the Group entered into a new multi-currency revolving credit facility with Barclays and HSBC. This facility was used, in part, to fund the acquisitions of Quest Carpets and Interfloor Group. These banks continue to be supportive of the business and, in May this year, agreed to extend the Accordion facility option to provide further headroom for future growth.

The bank facility is subject to various financial covenants measured against Group results; and all such covenants have been satisfied to date.

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

The consolidated financial statements for the Group 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, the Strategic Review and this Financial Review. In addition, Note 28 to the financial statements includes details of the Group's financial instruments, hedging activities and its exposure to and management of credit risk, liquidity risk, currency risk and interest rate risk.

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

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

Michael Scott
Group Finance Director

25 July 2016

Board of 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.

Michael Scott
Group Finance Director

Michael was appointed to the Board of Victoria PLC on 4 January 2016. Prior to this, Michael spent eight years at Rothschild where, as part of their Global Financial Advisory business, he worked across a wide range of public and private company transactions, mergers & acquisitions and debt and equity-related fund raisings. He qualified as a Chartered Accountant with PricewaterhouseCoopers and holds an Engineering degree from the University of Cambridge.

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 corporate transactions, including management buy-outs and buy-ins, corporate acquisitions and disposals and listed company take-overs.

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

Gavin Petken
Non-executive Director

Gavin Petken is the Business Growth Fund's Regional Director for the South, covering the Midlands, London and the South East, and has developed the firm's local investment activities in the South 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.

Senior Management

John Snee
Joint Managing Director, Westex

John is the joint Managing Director of Westex and also sits on the Board of Interfloor. Following a successful career in the textile industry, John joined Westex in 1999, and has since developed it into one of the most profitable carpet companies in the UK.

John Shirt
Joint Managing Director, Westex

John is the joint Managing Director of Westex and also sits on the Board of Victoria Carpets. John is a Chartered Accountant and, alongside John Snee, has applied his expertise in operational and commercial finance to growing and developing Westex, as well as now supporting the wider Group.

Jim Taylor
Managing Director, Abingdon Flooring

Jim has 44 years' experience within the carpet industry, both in the UK and Europe. His first directorship was in 1983. In 2003 Jim became the Managing Director of Abingdon Flooring, leading a management buy-out of the business. Together with a strong sales team he grew sales from £28m to £70m at the time of acquisition by Victoria.

Steven Byrne
Managing Director, Whitestone

Steven has over 30 years' experience in the flooring industry. He first acquired a stake in Whitestone when it was generating sales of £0.8m per annum, which he has since developed into a £35m group. As the business focuses solely on marketing and distribution, this was achieved by developing innovative ways of getting product to the market.

John Cooper
Managing Director, Interfloor

John joined Interfloor in March 2015 to lead the next stage of the company's development. He has 30 years' experience in the Fast Moving Consumer Goods sector, most recently as Managing Director of Weber UK.

Phil Hartley
Managing Director, Victoria Carpets, UK

Phil has 29 years' experience in the UK and European flooring industries, with an original focus in sales and marketing. He joined Victoria Carpets as Managing Director earlier this year.

Stephen Sunderland
Managing Director Quest Carpets, Australia

Stephen has 36 years' experience in the Australian flooring industry. He joined Quest, a business originally founded by his father, in 1980 and took over as Managing Director in 1996, growing the business to sales of over A$65m.

Phil Smith
Managing Director, Victoria Carpets, Australia

Phil joined Victoria Carpets as Managing Director in April 2013. He has over 25 years' senior leadership experience, growing and developing a number of businesses across a variety of industries.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the Group for the year ended 2 April 2016.

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 Group's business, the development and the performance of the Group's business during the year and its future development, of the position of the Group at the end of the financial year to 2 April 2016 and a description of the principal risks and uncertainties faced by the Group. The Strategic Report can be found on pages 7 to 9.

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 22 to 67.

	£000
Profit attributable to shareholders	3,817
Total dividend paid in the financial year	—
Retained profit	**3,817**

The Directors do not recommend the payment of a final dividend for the financial year ended 2 April 2016.

Financial risk management

Details of the Group's financial risk management policies are set out in Note 28.

Directors and their interests

The current Directors of the Company together with their biographical details are listed on page 15.

The Directors of the Company who held office at 2 April 2016 had the following interests in the Ordinary shares of the Company:

	2 April 2016		28 March 2015	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Alexander Anton	18,075	80,000	18,075	80,000
Geoff Wilding*	6,087,730	—	7,087,730	—
Andrew Harrison	35,906	—	26,956	—
Michael Scott	4,250	—	—	—
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 6,087,730 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 2 April 2016 the concert party held 6.67% of the issued shares in the Company. The Panel on Takeovers and Mergers had also deemed, in June 2014, that Alexander Anton (a member of the concert party), Geoff Wilding and Camden Holdings Limited to be persons acting in concert with the existing concert party (the so called wider concert party). This arose due to the possibility that Alexander Anton may have benefitted, by personal arrangement with Geoff Wilding, under the contract for differences Victoria had entered into with Geoff Wilding in 2013. This personal arrangement has been set aside and as such the Panel on Takeovers and Mergers no longer deems there to be a wider concert party.

In accordance with the Company's Articles of Association, the Director retiring by rotation at the 2016 Annual General Meeting is Alexander Anton who, being eligible, offers himself for re-election pursuant to Article 86.

Also in accordance with the Company's Articles of Association, Michael Scott who was appointed on 4 January 2016 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 Gavin Petken, who is the Business Growth Fund's ('BGF') Regional Director for the South. 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.

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 2 April 2016 and through to the date of this report.

Directors' Report continued

Directors' emoluments

The Directors who served during the year together with their emoluments for the financial year ended 2 April 2016 were:

	Salary/ Fees £000	Benefits in kind £000	Bonus £000	**Total 2016 £000**	Total 2015 £000
Executive					
Geoffrey Wilding	65	—	—	**65**	65
Terry Danks (until resignation on 31 July 2015)	29	17	—	**46**	77
Michael Scott (from appointment on 4 January 2016)	34	—	—	**34**	—
Non-executive					
Alexander Anton	35	—	—	**35**	35
Andrew Harrison	35	—	—	**35**	35
Gavin Petken*	35	—	—	**35**	18
	233	17	—	**250**	230

* 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 South 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.

The National Insurance Contributions made in respect of the Directors during the period ended 2 April 2016 amounted to £19,694 (2015: £14,700).

Directors' pension entitlements

One Director who held office during the year ended 2 April 2016 was a member of a money purchase scheme. Contributions paid by the Group in respect of this scheme were:

	2016 £000	2015 £000
Terry Danks (until 31 July 2015)	**14**	39
	14	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 Company made no political donations during the year in line with its policy (2015: £nil).

Financial instruments

The Group's financial risk management objectives and policies are set out within note 28 of the financial statements. Note 28 also details the Group's exposure to foreign exchange, share price, interest, credit, capital 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.

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.

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. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the accounts.

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 Auditors are 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 relevant audit information and to establish that the Company's Auditors are aware of that information.

The above is in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Grant Thornton UK LLP, who were appointed in the year, has expressed its willingness to continue in office as Auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

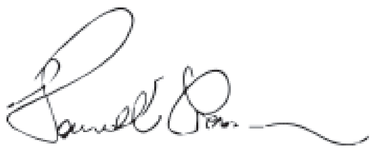
Annual General Meeting

Notice of the 2016 Annual General Meeting, to be held on 9 September 2016, together with a description of the business to be discussed at the AGM, is set out in a separate Notice. The Notice of this year's Annual General Meeting 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 Annual General Meeting 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 Directors' Report (on pages 17 to 19) has been approved by the Board on 25 July 2016.

By Order of the Board



David Cressman
Company Secretary

25 July 2016

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

Michael Scott
Group Finance Director

25 July 2016

Independent Auditor's Report

to the Members of Victoria PLC

We have audited the financial statements of Victoria PLC for the 53 weeks ended 2 April 2016 which comprise the consolidated Income statement, the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flow and the related notes. 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 Directors' Responsibilities Statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2 April 2016 and of the group's profit for the 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 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.

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

25 July 2016

VICTORIA PLC

Consolidated Income Statement

For the 53 weeks ended 2 April 2016

		Notes	53 weeks ended 2 April 2016 Underlying performance £000	Non-underlying items £000	Reported numbers £000	52 weeks ended 28 March 2015 Underlying performance re-stated £000	Non-underlying items re-stated £000	Reported numbers re-stated £000
Continuing operations								
Revenue		1	**255,174**	**—**	**255,174**	127,003	—	127,003
Cost of sales			**(169,930)**	**(249)**	**(170,179)**	(85,751)	—	(85,751)
Gross profit			**85,244**	**(249)**	**84,995**	41,252	—	41,252
Distribution costs			**(49,852)**	**(157)**	**(50,009)**	(22,268)	—	(22,268)
Administrative expenses (including intangible amortisation)			**(13,753)**	**(3,787)**	**(17,540)**	(9,941)	(7,327)	(17,268)
Other operating income			**292**	**—**	**292**	386	—	386
Operating profit/(loss)			**21,931**	**(4,193)**	**17,738**	9,429	(7,327)	2,102
Comprising:								
Operating profit before exceptional items and intangible amortisation		1	**21,931**	**—**	**21,931**	9,429	—	9,429
Intangible amortisation			**—**	**(2,315)**	**(2,315)**	—	(270)	(270)
Asset impairment			**—**	**(160)**	**(160)**	—	—	—
Exceptional items		1, 2	**—**	**(1,718)**	**(1,718)**	—	(7,057)	(7,057)
Finance costs		3	**(3,714)**	**(4,734)**	**(8,448)**	(1,498)	(2,192)	(3,690)
Profit/(loss) before tax		4	**18,217**	**(8,927)**	**9,290**	7,931	(9,519)	(1,588)
Taxation		6	**(4,302)**	**961**	**(3,341)**	(1,658)	—	(1,658)
Profit/(loss) for the period from continuing operations			**13,915**	**(7,966)**	**5,949**	6,273	(9,519)	(3,246)
Loss for the period from discontinued operations		25	**—**	**(2,132)**	**(2,132)**	—	(346)	(346)
Profit/(loss) for the period			**13,915**	**(10,098)**	**3,817**	6,273	(9,865)	(3,592)
Earnings/(loss) per share from continuing operations – pence	basic	8			**36.08**			(27.37)
	diluted	8			**35.53**			(27.37)
Earnings/(loss) per share	basic	8			**23.15**			(30.29)
	diluted	8			**23.02**			(30.29)

Consolidated Statement of Comprehensive Income

For the 53 weeks ended 2 April 2016

	53 weeks ended 2 April 2016 £000	52 weeks ended 28 March 2015 re-stated £000
Profit/(loss) for the period	3,817	(3,592)
Other Comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Actuarial losses on pension scheme	(152)	—
Increase in deferred tax asset relating to pension scheme liability	53	—
Total items that will not be reclassified to profit or loss	(99)	—
Items that may be reclassified subsequently to profit or loss		
Currency translation gains/(losses)	708	(798)
Totals items that may be reclassified subsequently to profit or loss	708	(798)
Other comprehensive income/(expense) for the year, net of tax	609	(798)
Total comprehensive income/(loss) for the year attributable to the owners of the parent	4,426	(4,390)

Financials

Consolidated and Company Balance Sheets

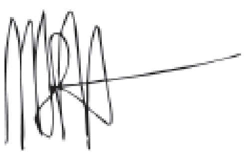
As at 2 April 2016

	Notes	Group 2 April 2016 £000	Group 28 March 2015 re-stated £000	Company 2 April 2016 £000	Company 28 March 2015 re-stated £000
Non-current assets					
Goodwill	10	**37,205**	4,110	**—**	—
Intangible assets	11	**43,476**	8,858	**—**	—
Property, plant and equipment	12	**38,811**	27,789	**—**	—
Investment property	13	**180**	180	**180**	180
Investment in subsidiary undertakings	13	**—**	—	**49,270**	38,180
Trade and other receivables	15	**—**	—	**16,778**	—
Deferred tax asset	20	**3,287**	1,903	**264**	708
Total non-current assets		**122,959**	42,840	**66,492**	39,068
Current assets					
Inventories	14	**58,970**	40,956	**—**	—
Trade and other receivables	15	**42,562**	30,397	**88,646**	23,871
Cash at bank and in hand	18	**19,078**	2,392	**—**	—
Other financial assets	18	**384**	—	**—**	—
Total current assets		**120,994**	73,745	**88,646**	23,871
Total assets		**243,953**	116,585	**155,138**	62,939
Current liabilities					
Trade and other payables	16	**66,913**	39,066	**5,355**	4,995
Current tax liabilities		**2,891**	2,014	**—**	—
Other financial liabilities	17, 18	**596**	18,268	**5,682**	16,066
Total current liabilities		**70,400**	59,348	**11,037**	21,061
Non-current liabilities					
Trade and other payables	16	**11,524**	12,260	**3,903**	6,757
Other financial liabilities	17	**78,522**	19,227	**78,009**	18,838
Deferred tax liabilities	20	**9,129**	2,370	**—**	—
Retirement benefit obligations	21	**3,345**	—	**—**	—
Total non-current liabilities		**102,520**	33,857	**81,912**	25,595
Total liabilities		**172,920**	93,205	**92,949**	46,656
Net assets		**71,033**	23,380	**62,189**	16,283
Equity					
Share capital	22	**4,548**	3,639	**4,548**	3,639
Share premium		**52,462**	10,144	**52,462**	10,144
Retained earnings	23	**13,341**	8,915	**4,497**	1,818
Other reserves	23	**682**	682	**682**	682
Total equity		**71,033**	23,380	**62,189**	16,283

Company Registered Number (England & Wales) 282204

The financial statements on pages 22 to 67 were approved by the Board of Directors and authorised for issue on 25 July 2016.

They were signed on its behalf by:



Michael Scott
Group Finance Director

Consolidated Statement of Changes in Equity

For the 53 weeks ended 2 April 2016

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Total equity £000
At 30 March 2014 (re-stated)	1,772	909	33,996	—	36,677
Loss for the period to 28 March 2015	—	—	(3,592)	—	(3,592)
Other comprehensive loss for the period	—	—	(798)	—	(798)
Total comprehensive loss	—	—	(4,390)	—	(4,390)
Dividends paid	—	—	(20,691)	—	(20,691)
Issue of share capital	1,867	9,235	—	—	11,102
Movement in other reserves		—	—	682	682
Transactions with owners	1,867	9,235	(20,691)	682	(8,907)
At 28 March 2015 (re-stated)	3,639	10,144	8,915	682	23,380
Profit for the period to 2 April 2016	—	—	3,817	—	3,817
Other comprehensive income for the period	—	—	609	—	609
Total comprehensive income	—	—	4,426	—	4,426
Issue of share capital	909	42,318	—	—	43,227
Transactions with owners	909	42,318	—	—	43,227
At 2 April 2016	**4,548**	**52,462**	**13,341**	**682**	**71,033**

Company Statement of Changes in Equity

For the 53 weeks ended 2 April 2016

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Total equity £000
At 30 March 2014 (re-stated)	1,772	909	29,306	—	31,987
Loss for the period to 28 March 2015	—	—	(6,797)	—	(6,797)
Total comprehensive loss	—	—	(6,797)	—	(6,797)
Dividends paid	—	—	(20,691)	—	(20,691)
Issue of share capital	1,867	9,235	—	—	11,102
Movement in other reserves	—	—	—	682	682
Transactions with owners	1,867	9,235	(20,691)	682	(8,907)
At 28 March 2015 (re-stated)	3,639	10,144	1,818	682	16,283
Profit for the period to 2 April 2016	—	—	2,679	—	2,679
Total comprehensive income	—	—	2,679	—	2,679
Issue of share capital	909	42,318	—	—	43,227
Transactions with owners	909	42,318	—	—	43,227
At 2 April 2016	**4,548**	**52,462**	**4,497**	**682**	**62,189**

Consolidated and Company Statements of Cash Flows

For the 53 weeks ended 2 April 2016

	Notes	Group 53 weeks ended 2 April 2016 £000	Group 52 weeks ended 28 March 2015 re-stated £000	Company 53 weeks ended 2 April 2016 £000	Company 52 weeks ended 28 March 2015 re-stated £000
Cash flows from operating activities					
Operating profit/(loss) from continuing operations		**17,738**	2,102	**10,914**	(4,522)
Adjustments for:					
– Depreciation charges		**10,347**	6,405	**—**	—
– Amortisation of intangible assets		**2,315**	270	**—**	—
– Fair value charge for Contract for Differences		**—**	7,397	**—**	7,397
– Goodwill adjustment		**(43)**	(895)		
– Asset impairment		**160**	—	**—**	—
– Profit on disposal of property, plant and equipment		**(143)**	(69)	**—**	—
– Exchange rate difference on consolidation		**594**	(27)	**—**	—
Net cash flow from operating activities before movements in working capital		**30,968**	15,183	**10,914**	2,875
Change in inventories		**(7,767)**	1,511	**—**	—
Change in trade and other receivables		**215**	3,297	**(80,137)**	(7,875)
Change in trade and other payables		**7,628**	(2,600)	**179**	120
Cash generated/(used) by continuing operations		**31,044**	17,391	**(69,044)**	(4,880)
Interest paid		**(3,243)**	(1,419)	**(2,977)**	(1,114)
Income taxes paid		**(3,243)**	(2,113)	**—**	—
Net cash flow from discontinued operations		**65**	(1,183)	**—**	—
Net cash inflow/(outflow) from operating activities		**24,623**	12,676	**(72,021)**	(5,994)
Investing activities					
Purchases of property, plant and equipment		**(9,752)**	(5,074)	**—**	—
Proceeds from disposal of Westwood Yarns Limited		**431**	—	**431**	—
Proceeds on disposal of property, plant and equipment		**1,034**	816	**—**	—
Deferred consideration and earn-out payments		**(7,453)**	(1,000)	**(5,409)**	(1,000)
Acquisition of subsidiaries net of cash acquired		**(19,265)**	(14,616)	**(14,024)**	(7,655)
Net cash used in investing activities		**(35,005)**	(19,874)	**(19,002)**	(8,655)
Financing activities					
(Decrease)/increase in long term loans		**(4,573)**	8,160	**51,815**	16,396
Issue of share capital		**43,043**	1,543	**43,043**	1,543
Repayment of obligations under finance leases/HP		**(650)**	(241)	**—**	—
Dividends paid		**—**	(20,691)	**—**	(20,691)
Net cash generated/(used) in financing activities		**37,820**	(11,229)	**94,858**	(2,752)
Net increase/(decrease) in cash and cash equivalents		**27,438**	(18,427)	**3,835**	(17,401)
Cash and cash equivalents at beginning of period		**(8,502)**	9,925	**(9,517)**	7,884
Effect of foreign exchange rate changes		**142**	—	**—**	—
Cash and cash equivalents at end of period	26	**19,078**	(8,502)	**(5,682)**	(9,517)

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 IAS 39. Land and buildings were professionally valued at 4 April 2004 and this valuation was adopted as deemed cost on adoption of IFRS. The accounting policies have been applied consistently in the current and prior year. The principal accounting policies adopted are set out below.

Basis of preparation
The consolidated financial statements have been prepared on a going concern-basis. The Strategic Report on pages 07 to 09 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 is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

Change in accounting policy
The Group has adopted a new accounting policy this year in relation to expenditure on sampling assets. The cost of these assets, which are retained in our customers' stores to assist in generating future revenue, was previously expensed as incurred. Under the new policy, these assets are capitalised as fixed assets and depreciated. The full impact of the change in accounting policy is set out in Note 31(b) of the financial statements.

Business combinations
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.

Goodwill
Goodwill represents the excess of the fair value of the cost of a business acquisition over the Group's share of the value of assets and liabilities acquired as at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Discontinued operations
A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business of geographical area of operations; or
- is a subsidiary acquired exclusively with a view to trade.

Profit or loss from discontinued operations, including prior year components, are presented as a single movement in the statement of comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the disposal, is further analysed in Note 25 to the accounts.

Significant Accounting Policies continued

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 by reference to the fair value of consideration receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the sale of goods or transfer of risk to the customer. Revenue from the sale of goods is recognised when all of the followings conditions have been satisfied:

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

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.

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

(a) Defined contribution schemes

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.

(b) Defined benefit schemes

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise, net of the related deferred tax.

Administrative expenses incurred by the Trustees in connection with managing the Group's pension schemes are recognised in the Consolidated Income Statement.

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.

Significant Accounting Policies continued

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.

Other fixed assets 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
Sampling assets: 2 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 10 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.

Business Growth Fund loan and share option

The Group's fully subordinated £10m 2022 loan facility with the Business Growth Fund ('BGF') includes a redemption premium of £2.1m payable in 2019 and a warrant owned by the BGF to acquire 746,000 shares in Victoria PLC at 286p per share. This facility has been accounted for using split accounting to recognise separate debt and equity components.

The debt component is recognised on the date of inception or modification at the fair value of a similar liability that does not have an equity conversion option. The equity element is recognised as the difference between the fair value of the financial instrument as a whole and the fair value of the debt component. Any directly attributable transaction costs are allocated to the equity and debt components in proportion to their initial carrying amounts.

Subsequently, the debt component is measured at amortised cost using the effective interest rate method.

Exceptional items

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

Non-underlying items

Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed separately in the Consolidated Income Statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period.

Non-underlying items comprise:

(a) Intangible amortisation
The amortisation of intangible assets arising from business combinations is non-cash in nature and, unlike other assets, is not expected to result in a future capital cost to the business in relation to replacement or renewal.

(b) Asset impairment
Impairment of property, plant and equipment which is not representative of the ongoing cost to the business, given the nature of the asset in question and the circumstances of the impairment.

(c) Release of prepaid arrangement fees on refinanced bank facilities
Certain one-off costs in relation to arrangement of new debt facilities are held on the balance sheet against the relevant debt liability and amortised over the life of the facility. On refinancing of facilities, any outstanding prepaid costs are released to the income statement and treated as a non-underlying finance cost.

(d) BGF redemption premium charge
The annual finance charge for the BGF loan and option includes an element in relation to the future redemption premium payment (described in Note 31(a) to the accounts), the quantum of which matches the payment that would be received by the Company from BGF when exercising their share options in full. As such, this element of the annual charge is treated as a non-annual underlying finance cost.

(e) Mark-to market adjustments on foreign exchange contracts and interest rate swaps
The mark to market valuation of forward foreign exchange contracts and interest rate swaps is entirely dependent on closing exchange and interest rates at the balance sheet date, and therefore not considered to form part of the underlying performance of the business.

(f) Unwinding of the present value of deferred and contingent consideration
Deferred and contingent consideration in respect of acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of the money. Subsequently, the present value is reassessed to unwind the time value of money, as well as for any changes arising from the actual and forecast business performance. Such adjustments are non-cash in nature and are not considered to form part of the underlying performance of the business.

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 and interest rate swaps 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 the income statement. 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.
- Deferred, non-contingent consideration payable in relation to acquisitions, which is initially recognised at fair value and subsequently carried at amortised cost.

(ii) Fair value through profit or loss

These liabilities include the following items:

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

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

- Deferred contingent consideration payable in relation to acquisitions, which are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense.

Also included within this category historically was a Contract for Differences ('CFD') 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. The CFD was carried 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 with the resultant fair value cost to the Company and the Group taken to the income statement and treated as an exceptional item. There are no remaining liabilities outstanding in respect to the CFD.

(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

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 3 April 2016, subject to EU endorsement include the following:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018) (not yet adopted by the EU)
- IFRS 15 Revenue from contracts with customers (not yet adopted by the EU)
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2017) (not yet adopted by the EU)
- IFRS 16 Leases effective 1 January 2019 (not yet adopted by the EU)
- Amendments to IAS12: Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017) (not yet adopted by the EU)

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

Notes to the Accounts

1. Segmental information

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

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

Income statement

	53 weeks ended 2 April 2016				52 weeks ended 28 March 2015			
	UK £000	Australia £000	Unallocated central expenses £000	Total £000	UK re-stated £000	Australia re-stated £000	Unallocated central expenses £000	Total re-stated £000
Revenue from continuing operations	196,908	58,266	—	255,174	91,610	35,393	—	127,003
Underlying operating profit	18,183	4,958	(1,210)	21,931	9,151	1,568	(1,290)	9,429
Non-underlying operating items	(2,050)	(425)	—	(2,475)	(270)	—	—	(270)
Exceptional operating items	(1,151)	(251)	(316)	(1,718)	(398)	—	(6,659)	(7,057)
Operating profit from continuing operations	14,982	4,282	(1,526)	17,738	8,483	1,568	(7,949)	2,102
Underlying interest charges				(3,714)				(1,498)
Non-underlying finance costs				(4,734)				(2,192)
Profit/(loss) before tax from continuing operations				9,290				(1,588)
Tax				(3,341)				(1,658)
Profit/(loss) after tax from continuing operations				5,949				(3,246)
Loss from discontinued operations*				(2,132)				(346)
Profit/(loss) for the period				3,817				(3,592)

* Loss from discontinued operations relates to the disposal of Westwood Yarns Limited, which was sold on 2 October 2015 (see note 25).

Management information is reviewed on a segmental basis to operating profit.

During the year, no single customer accounted for 10% or more of the Group's revenue. Intersegment sales in the year and in the prior year between the UK and Australia were immaterial.

Balance sheet

	As at 2 April 2016				As at 28 March 2015			
	UK £'000	Australia £'000	Unallocated central assets/ liabilities £'000	Total £'000	UK re-stated £'000	Australia re-stated £'000	Unallocated central assets/ liabilities £'000	Total re-stated £'000
Segment total assets	205,085	38,299	569	243,953	95,876	20,377	332	116,585
Segment total liabilities	(134,948)	(24,098)	(13,874)	(172,920)	(65,407)	(7,939)	(19,859)	(93,205)
Net assets	70,137	14,201	(13,305)	71,033	30,469	12,438	(19,527)	23,380

The Group's non-current assets as at 2 April 2016 of £122,959,000 (2015: £42,840,000) are split geographically as follows: £102,170,000 in the UK (2015: £37,580,000) and £20,789,000 in Australia (2015: 5,260,000).

Other segmental information

	53 weeks ended 2 April 2016				52 weeks ended 28 March 2015			
	UK £'000	Australia £'000	Unallocated central liabilities £'000	Total £'000	UK re-stated £'000	Australia re-stated £'000	Unallocated central liabilities £'000	Total re-stated £'000
Depreciation (from continuing operations)	8,314	2,033	—	10,347	4,409	1,996	—	6,405
Amortisation of acquired intangibles	1,890	425	—	2,315	270	—	—	270
	10,204	2,458	—	12,662	4,679	1,996	—	6,675

1. Segmental information continued

	53 weeks ended 2 April 2016				52 weeks ended 28 March 2015			
	UK £000	Australia £000	Unallocated central expenditure £000	Total £000	UK re-stated £000	Australia re-stated £000	Unallocated central expenditure £000	Total re-stated £000
Capital expenditure (from continuing operations)	8,961	1,242	—	10,203	4,064	1,010	—	5,074

2. Exceptional Items from continuing operations

	2016 £000	2015 re-stated £000
(a) Acquisition and disposal related costs	(1,355)	(398)
(b) Non-core closure costs	(406)	—
(c) Contract for Differences	—	(7,554)
(d) Goodwill adjustment	43	895
	(1,718)	(7,057)

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

(a) Professional fees in connection with the acquisitions and disposal completed during the year.

(b) Costs in relation to the cessation of a non-core manufacturing process within the UK operation during the period. Of the total closure cost, £249,000 is included in Cost of Sales and £157,000 in administrative expenses.

(c) The prior year charge relates to the Contract for Differences between the Company and Camden Holdings Limited. There are no remaining liabilities outstanding in respect to the Contract for Differences.

(d) Credit of £43,000 in the year in relation to negative goodwill arising on the acquisition of A&A Carpets, as set out in Note 24(c). Prior year adjustment is a result of the change in accounting policy in relation to sampling expenditure, as set out it in Note 31(b).

3. Finance costs

	2016 £000	2015 £000
Interest on loans and overdrafts wholly repayable within five years	2,435	940
Interest payable of BGF loan	1,199	513
Hire purchase and finance lease interest	80	45
Underlying interest costs	3,714	1,498
(a) Release of prepaid finance costs	228	—
(b) BGF loan and option, redemption premium charge	108	224
(c) Unwinding of present value of deferred and contingent consideration	4,226	1,968
(d) Mark to market adjustment on foreign exchange forward contracts	136	—
(e) Mark to market adjustment on interest rate swap	36	—
	8,448	3,690

(a) Non-cash charge relating to the release of the prepaid costs on the previous bank facilities, which were refinanced in April 2015.

(b) Non-cash annual cost of the redemption premium in relation to the BGF loan and option (see Note 31(a)).

(c) Deferred and contingent consideration in respect to acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of money. The present value is then re-measured at each half-year and year-end to unwind the time value of money. In addition, any changes arising from actual and forecast business performance are reflected, although such movements form an immaterial portion of the overall annual charge. All such adjustments are non-cash items.

(d) Non-cash fair value adjustment on foreign exchange forward contracts.

(e) Non-cash fair value adjustment on an interest rate swap contract.

Financials

Notes to the Accounts continued

4. Profit/(loss) on ordinary activities before taxation

	2016 £000	2015 re-stated £000
After charging/(crediting):		
Net foreign exchange (gains)/losses	553	(11)
Depreciation of property, plant and equipment (see Note 12)	10,472	6,650
Amortisation of intangible assets (see Note 11)	2,315	270
Staff costs (see Note 5)	48,942	31,899
Cost of inventories recognised as an expense	170,179	86,695
(Profit)/loss on sale of fixed assets	(143)	(69)
Government grants (see Note 27)	(269)	(295)
Operating lease rentals	5,485	3,235
Auditors' remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	39	25
The audit of the Company's subsidiaries pursuant to legislation	143	119
Total audit fees	182	144
Other services pursuant to legislation	—	1
Tax compliance services	30	29
Total non-audit fees	30	30

5. Staff costs

	2016 £000	2015 £000
Wages and salaries	42,727	28,193
Social security costs	3,673	2,174
Other pension costs	2,542	1,532
	48,942	31,899

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)

	2016	2015
Directors	32	16
Sales and Marketing	187	101
Production, logistics and maintenance	1,153	814
Finance, IT and Administration	141	95
	1,513	1,026

6. Tax from continuing operations

	2016 £000	2015 £000
Current tax		
- Current year UK	2,961	1,815
- Current year overseas	1,455	495
- Adjustments in respect of prior years	53	(145)
	4,469	2,165
Deferred Tax (Note 19)		
- Credit recognised in the current year	(1,643)	(436)
- Adjustments in respect of prior years	(78)	(92)
- Prior year Group relief adjustment	444	–
- Effect of rate change	149	21
	(1,128)	(507)
Total tax	3,341	1,658

Corporation tax is calculated at 20% and 30% (2015: 21% 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:

	2016 £000	2016 %	2015 re-stated £000	2015 re-stated %
Profit/(loss) before tax from continuing operations	9,290		(1,588)	
Tax charge/(credit) at the UK corporation tax rate of 20% (2015: 21%)	1,858	20.0	(333)	21.0
Tax effect of items that are not deductible/ non taxable in determining taxable profit	392	4.2	37	(2.3)
Effect of different tax rates of subsidiaries operating in other jurisdictions	450	4.8	126	(7.9)
Deferred consideration fair value re-measurement non taxable	824	8.9	413	(26.0)
Effect of change in rate	149	1.6	21	(1.3)
Effect of change in future tax rate enacted on deferred tax recognised on intangible assets	(461)	(5.0)	—	—
Movement in deferred tax on revalued land no longer required	7	0.1	(4)	0.3
Quest acquired retained earnings	147	1.6	—	—
Tax losses not recognised for deferred tax	—	—	49	(3.1)
Adjustments to prior periods	(25)	(0.2)	(237)	14.8
Contract for Differences charge non taxable	—	—	1,586	(99.9)
Tax charge and effective tax rate	3,341	36.0	1,658	(104.4)

7. Dividends

	2016 £000	2015 £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
	—	20,692

Financials

Notes to the Accounts continued

8. Earnings/(loss) per share

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

	Basic 2016 £000	Adjusted 2016 £000	Basic 2015 re-stated £000	Adjusted 2015 re-stated £000
Profit/(loss) attributable to ordinary equity holders of the parent entity from continuing operations	5,949	5,949	(3,246)	(3,246)
Exceptional items:				
Amortisation of acquired intangibles	—	2,315	—	270
Acquisition costs	—	1,355	—	398
Unwinding of present value of deferred and contingent consideration	—	4,226	—	1,968
Closure costs	—	406	—	—
Asset impairment	—	160	—	—
Release of prepaid finance costs	—	228	—	—
BGF loan and option, redemption premium charge	—	108	—	224
Mark to Market adjustment on foreign exchange forward contracts and interest rate swap	—	172	—	—
Goodwill adjustment (see Notes 2 and 10)	—	(43)	—	(895)
Contract for Differences	—	—	—	7,554
Tax effect on adjusted items where applicable	—	(961)	—	—
Earnings for the purpose of basic and adjusted earnings/(loss) per share from continuing operations	5,949	13,915	(3,246)	6,273
Loss attributable to ordinary equity holders of the parent entity from discontinued operations	(2,132)	—	(346)	—
Earnings for the purpose of basic and adjusted earnings/(loss) per share	3,817	13,915	(3,592)	6,273

Weighted average number of shares

	2016 Number of shares ('000)	2015 Number of shares ('000)
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	16,489	11,859
Effect of dilutive potential ordinary shares:		
BGF share options	560	120
Weighted average number of ordinary shares for the purposes of diluted earnings per share	17,049	11,979

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

8. Earnings/(loss) per share continued

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

	2016 Pence	2015 re-stated Pence
Earnings/(loss) per share from continuing operations		
Basic adjusted	84.39	52.90
Diluted adjusted	81.62	52.37
Basic	36.08	(27.37)
Diluted[1]	35.53	(27.37)
Earnings/(loss) per share from discontinued operations		
Basic	(12.93)	(2.92)
Diluted[1]	(12.93)	(2.92)
Earnings/(loss) per share		
Basic adjusted	84.39	52.90
Diluted adjusted	81.62	52.37
Basic	23.15	(30.29)
Diluted[1]	23.02	(30.29)

1. Earnings for the purpose of diluted (basic) earnings per share have been adjusted to add back the Business Growth Fund ('BGF') redemption charge as this cost is only incurred if the BGF options are not exercised.

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:

	2016 Average	2016 Year end	2015 Average	2015 Year end
Australia – A$	2.0327	1.8526	1.8547	1.9184

10. Goodwill

	Goodwill £000
At 30 March 2014	2,735
Arising on acquisition	1,375
Exchange movements	—
At 28 March 2015 (re-stated)	4,110
At 29 March 2015	4,110
Arising on acquisition	32,045
Exchange movements	1,050
At 2 April 2016	**37,205**

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 CGUs within a reported segment share similar characteristics to each other and to the other businesses within that segment.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	Reported Segment	2016 £000	2015 £000 re-stated
Globesign Limited	UK	2,735	2,735
Whitestone Weavers Group	UK	1,375	1,375
Interfloor Limited	UK	25,245	—
Quest Flooring Pty Limited	Australia	7,850	—
		37,205	4,110

VICTORIA PLC

Notes to the Accounts continued

10. Goodwill continued

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 have 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 rates used of 13.4% for CGUs within the UK and 14.3% for CGUs within Australia are estimated using weighted-average costs of capital that reflect current market assessments of the time value of money and the risks specific to the markets in which the businesses operate. The primary reason for the difference in this rate between the UK and Australia is the difference in underlying interest rates.

The calculation uses cash flow projections extrapolated from the budget for the year ending 1 April 2017. A terminal value was calculated based on a terminal growth rate assumption of 2.0%.

The Group does not consider it reasonably probable that any significant changes to the key assumptions will arise that would result in impairment to any of the Goodwill balances. If the terminal growth rate was assumed to be nil in the Director's opinion there would still be no provision for impairment required. As at 2 April 2016 no impairment provision was therefore 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	Group Total £000
Cost	At 30 March 2014	2,539	2,731	5,270
	Additions (see Note 24)	2,161	2,014	4,175
	At 28 March 2015	4,700	4,745	9,445
	At 29 March 2015	**4,700**	**4,745**	**9,445**
	Additions (see Note 24)	**31,453**	**4,498**	**35,951**
	Exchange differences	**913**	**110**	**1,023**
	At 2 April 2016	**37,066**	**9,353**	**46,419**
Amortisation	At 30 March 2014	164	153	317
	Charges for the period	163	107	270
	At 28 March 2015	327	260	587
	At 29 March 2015	**327**	**260**	**587**
	Charges for the period	**2,020**	**295**	**2,315**
	Exchange differences	**39**	**2**	**41**
	At 2 April 2016	**2,386**	**557**	**2,943**
Net book value	**At 2 April 2016**	**34,680**	**8,796**	**43,476**
	At 28 March 2015	4,373	4,485	8,858
	At 29 March 2014	2,375	2,578	4,953

12. Property, plant and equipment

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures vehicles and equipment re-stated £000	Continuing operations Total re-stated £000	Discontinued operations Plant and machinery £000	Discontinued operations Property and equipment £000	Group Total £000
Cost							
At 30 March 2014	7,407	31,806	7,776	46,989	9,248	1,775	58,012
Exchange differences	(29)	(1,427)	(189)	(1,645)	—	—	(1,645)
Acquisition	293	4,126	4,805	9,224	—	—	9,224
Additions	34	1,006	4,034	5,074	1	—	5,075
Transfers	(169)	169	—	—	—	—	—
Disposals	(22)	(1,749)	(4,153)	(5,924)	—	—	(5,924)
At 28 March 2015	7,514	33,931	12,273	53,718	9,249	1,775	64,742
At 29 March 2015	**7,514**	**33,931**	**12,273**	**53,718**	**9,249**	**1,775**	**64,742**
Exchange differences		**754**	**124**	**878**	**—**	**—**	**878**
Acquisition	**6,944**	**7,144**	**341**	**14,429**	**—**	**—**	**14,429**
Additions	**165**	**2,144**	**7,894**	**10,203**	**—**	**—**	**10,203**
Divestment	**—**	**—**	**—**	**—**	**(9,249)**	**(1,775)**	**(11,024)**
Disposals	**(821)**	**(999)**	**(6,683)**	**(8,503)**	**—**	**—**	**(8,503)**
At 2 April 2016	**13,802**	**42,974**	**13,949**	**70,725**	**—**	**—**	**70,725**
Accumulated depreciation							
At 30 March 2014	61	24,401	4,356	28,818	7,975	500	37,293
Exchange differences	(13)	(1,136)	(117)	(1,266)	—	—	(1,266)
Charge for the year	267	1,888	4,250	6,405	218	27	6,650
Transfers	(120)	120	—	—	—	—	—
Disposals	(22)	(1,604)	(4,098)	(5,724)	—	—	(5,724)
At 28 March 2015	173	23,669	4,391	28,233	8,193	527	36,953
At 29 March 2015	**173**	**23,669**	**4,391**	**28,233**	**8,193**	**527**	**36,953**
Exchange differences	**—**	**722**	**65**	**787**			**787**
Charge for the year	**345**	**3,109**	**6,893**	**10,347**	**102**	**23**	**10,472**
Transfers	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Impairment	**—**	**160**	**—**	**160**	**—**	**—**	**160**
Divestment	**—**	**—**	**—**	**—**	**(8,295)**	**(550)**	**(8,845)**
Disposals	**(200)**	**(960)**	**(6,453)**	**(7,613)**	**—**	**—**	**(7,613)**
At 2 April 2016	**318**	**26,700**	**4,896**	**31,914**	**—**	**—**	**31,914**
Net Book Value							
At 2 April 2016	**13,484**	**16,275**	**9,052**	**38,811**	**—**	**—**	**38,811**
At 28 March 2015	7,341	10,262	7,882	25,485	1,056	1,248	27,789
At 29 March 2014	7,346	7,405	3,420	18,171	1,273	1,275	20,719

The Company holds no property, plant and equipment.

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 2 April 2016	**275**	**930**	**1,427**	**2,632**
Accumulated depreciation at 2 April 2016	**39**	**366**	**536**	**941**
Depreciation charged in year	**15**	**170**	**273**	**458**
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

Notes to the Accounts continued

12. Property, plant and equipment continued

Capital expenditure authorised and committed at the period end:

	Group 2016 £000	Group 2015 £000
Contracts placed	828	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 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Investment property	(a)	180	180	180	180
Investment in subsidiaries	(b)	–	–	49,270	38,180

a) Investment property

Investment property relates to land and is held at cost as the fair value is dependent on future use and the grant of the necessary planning consents.

b) Investment in subsidiaries

Investment in subsidiaries in the Company balance sheet was subject to additions in the year of £14,024,000 (see Note 24(b)) and disposals of £2,934,000 (see Note 25).

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

As at 2 April 2016	Country of incorporation and operation	Nature of business	Ownership
Victoria Midco Holdings Limited	England	Holding Company	Direct
Victoria Carpets Limited	England	Carpet manufacture	Direct
Carpets@Home Limited	England	Carpet distributor	Direct
Globesign Limited	England	Holding Company	Direct
Westex (Carpets) Limited	England	Carpet manufacture	Indirect
Abingdon Flooring Limited	England	Carpet manufacture	Direct
Distinctive Flooring Limited	England	Carpet distributor	Indirect
Alliance Distribution Limited	England	Logistic Services	Indirect
Whitestone Carpets Holdings Limited	England	Holding Company	Direct
View Logistics Limited	England	Logistic Services	Indirect
Carpet Line Direct Limited	England	Carpet distributor	Indirect
Whitestone Weavers Limited	England	Carpet distributor	Indirect
Thomas Witter Carpets Limited	England	Carpet distributor	Indirect
Gaskell Mackay Carpets Limited	England	Carpet distributor	Indirect
A&A Carpets Limited	England	Carpet distributor	Indirect
Interfloor Limited	England	Carpet underlay manufacturer	Indirect
The Victoria Carpet Company Pty Limited	Australia	Carpet manufacture	Direct
Quest Flooring Pty Ltd	Australia	Holding Company	Direct
Quest Carpet Manufacturers Pty Ltd	Australia	Carpet manufacture	Indirect
Quest Carpet Manufacturers Unit Trust	Australia	Unit Trust	Indirect
Victoria Belgium Holdco nv	Belgium	Holding Company	Indirect
V-Line Carpets Limited	England	Non-trading	Direct
Stikatak Limited	England	Non-trading	Indirect
Tacktrim Limited	England	Non-trading	Indirect
Interfloor Operations Limited	England	Non-trading	Indirect
Interfloor Group Limited	England	Non-trading	Direct
The Victoria Carpet Company Limited	England	Non-trading	Direct
Flooring at Home Limited	England	Non-trading	Direct
Munster Carpets Limited	Ireland	Non-trading	Indirect

Following the year end the Group was restructured resulting in Victoria Midco Holdings Limited being the only directly owned subsidiary of Victoria Plc and acting as an intermediary holding company. As a result, all other Group companies are now indirectly owned by Victoria Plc.

14. Inventories

	Group	
	2016 £000	2015 £000
Raw materials	12,773	5,613
Work-in-progress	2,963	2,955
Finished goods	43,234	32,388
	58,970	40,956

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.

15. Trade and other receivables

Amounts falling due within one year:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors	40,133	29,120	—	—
Amounts owed by subsidiaries	—	—	88,521	23,763
Other debtors	106	6	—	—
Prepayments and accrued income	2,323	1,271	125	108
	42,562	30,397	88,646	23,871

Amounts falling due after one year:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts owed by subsidiaries	—	—	16,778	—
	—	—	16,778	—

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 £958,000 (2015: £811,000) made for estimated irrecoverable amounts from sale of goods. The movement of this allowance account during the year is summarised below:

	2016 £000	2015 £000
Opening balance at 29 March 2015	811	218
Acquisition opening balances	30	805
Increase/(decrease) in provisions	316	(64)
Written off against provisions	(212)	(123)
Recovered amounts	2	(19)
Exchange differences	11	(6)
Closing balance at 2 April 2016	958	811

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:

	2016 £000	2015 £000
1–30 days overdue	6,422	5,081
31–60 days overdue	547	484
> 60 days overdue	519	441
Total	7,488	6,006

Notes to the Accounts continued

15. Trade and other receivables continued

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

	2016 £000	2015 £000
1–30 days overdue	198	80
31–60 days overdue	72	30
> 60 days overdue	1,025	990
Total	1,295	1,100

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.

16. Trade and other payables

Amounts falling due within one year:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	43,550	23,633	—	—
Amounts due to subsidiaries	—	—	1	1
Deferred and contingent earn-out liabilities	9,265	6,459	5,002	4,416
Other creditors	7,476	5,939	—	—
Accruals	6,407	2,780	352	578
Deferred income	215	255	—	—
	66,913	39,066	5,355	4,995

Amounts falling due after one year:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Deferred and contingent earn-out liabilities	11,130	11,675	3,903	6,757
Deferred income	339	527	—	—
Other creditors	55	58	—	—
	11,524	12,260	3,903	6,757

Deferred and contingent earn-out liabilities (Group and Company) are in connection with the acquisitions of Globesign Limited, Abingdon Flooring Group, Whitestone Weavers Group and Quest Carpet Manufacturers Pty Limited. Under IFRS 13 Fair Value Measurement this is classified under the fair value hierarchy as Level 3. The deferred and contingent earn-out liabilities falling due after one year of £11.13m is split as follows: between one to two years £8.38m and between two to five years £2.75m.

Deferred income relates to government grants as shown in Note 27.

17. Other financial liabilities

Amounts falling due within one year:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank overdraft	—	10,894	5,682	9,517
Bank loans	—	6,549	—	6,549
BGF loan	—	—	—	—
Finance leases and hire purchase agreements	596	825	—	—
	596	18,268	5,682	16,066

Amounts falling due after one year:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans				
— between one and two years	—	9,611	—	9,611
— between two and five years	68,485	—	68,485	—
BGF loan				
— between one and two years	391	181	391	181
— between two and five years	4,560	1,960	4,560	1,960
— over five years	4,573	7,086	4,573	7,086
Finance leases and hire purchase agreements				
— between one and two years	280	326	—	—
— between two and five years	233	63	—	—
	78,522	19,227	78,009	18,838

Bank loans as at 2 April 2016 relate to a Group multi-currency revolving credit facility provided by Barclays and HSBC. This facility is due for renewal in October 2018 subject to the option of a one year extension, and is secured by way of debenture over the assets of the Group.

The BGF loan relates to the debt component of the BGF loan and option instruments. Further details are provided in Note 31(a).

The Group's net debt position as at 2 April 2016 was £61.1m (2015: £35.7m) as set out in Note 26. The contractual maturities of financial liabilities and an analysis of the average effective interest rate of borrowings is set out in Note 28.

18. Financial assets and liabilities

The financial assets of the Group, all of which fall due within one year, comprised:

	At 2 April 2016				At 28 March 2015			
	Loans and receivables £000	Financial assets held at fair value through profit and loss £000	Assets not within the scope of IAS 39 £000	Total £000	Loans and receivables £000	Financial assets held at fair value through profit and loss £000	Assets not within the scope of IAS 39 £000	Total £000
Cash								
Sterling	12,599	—	—	12,599	926	—	—	926
Australian Dollars	4,623	—	—	4,623	570	—	—	570
Euro	751	—	—	751	423	—	—	423
New Zealand Dollars	193	—	—	193	110	—	—	110
US Dollars	912	—	—	912	363	—	—	363
	19,078	—	—	19,078	2,392	—	—	2,392
Trade and other receivables	40,239	—	2,323	42,562	29,078	—	1,271	30,349
Inventories	—	—	58,970	58,970	—	—	40,956	40,956
Forward foreign exchange contracts	—	380	—	380	—	48	—	48
Interest rate swap contacts	—	4	—	4	—	—	—	—
Current assets	59,317	384	61,293	120,994	31,470	48	42,227	73,745

18. Financial assets and liabilities continued

The financial liabilities of the Group comprised:

	At 2 April 2016				At 28 March 2015			
	Other financial liabilities at amortised cost £000	Financial liabilities held at fair value through profit and loss £000	Liabilities not within the scope of IAS 39 £000	Total £000	Other financial liabilities at amortised cost £000	Financial liabilities held at fair value through profit and loss £000	Liabilities not within the scope of IAS 39 £000	Total £000
Overdraft								
Sterling	—	—	—	—	10,894	—	—	10,894
	—	—	—	—	10,894	—	—	10,894
Current liabilities								
Trade and other payables	54,955	5,634	5,825	66,414	30,418	4,416	4,232	39,066
Current tax liabilities	—	—	2,891	2,891	—	—	2,014	2,014
Hire purchase and finance leases	596	—	—	596	—			825
Interest rate swap contacts	—	—	—	—	—	—	—	—
Forward foreign exchange contracts	—	499	—	499	—	—	—	—
Bank loans					6,689			6,549
Current liabilities	55,551	6,133	8,716	70,400	48,686	4,416	6,246	59,348
Non-current liabilities								
Trade and other payables	5,886	5,299	339	11,524	4,004	7,730	527	12,261
Deferred tax liabilities	—	—	9,129	9,129	—	—	2,370	2,370
Retirement benefit obligations	—	—	3,345	3,345	—	—	—	—
Hire purchase and finance leases	513	—	—	513	388	—	—	388
Bank loans	68,485	—	—	68,485	9,611	—	—	9,611
BGF loan	9,524	—	—	9,524	9,227	—	—	9,227
Non-current liabilities	84,408	5,299	12,813	102,520	23,230	7,730	2,897	33,857
Total liabilities	139,959	11,432	21,529	172,920	71,916	12,146	9,143	93,205

The financial assets of the Company comprised:

	At 2 April 2016				At 28 March 2015			
	Loans and receivables £000	Financial assets held at fair value through profit and loss £000	Assets not within the scope of IAS 39 £000	Total £000	Loans and receivables £000	Financial assets held at fair value through profit and loss £000	Assets not within the scope of IAS 39 £000	Total £000
Current assets								
Trade and other receivables	88,646	—	—	88,646	23,871	—	—	23,871
	88,646	—	—	88,646	23,871	—	—	23,871
Non-current assets								
Trade and other receivables	16,778	—	—	16,778	—	—	—	—
	16,778	—	—	16,778	—	—	—	—

18. Financial assets and liabilities continued

The financial liabilities of the Company comprised:

	At 2 April 2016				At 28 March 2015			
	Other financial liabilities at amortised cost £000	Financial liabilities held at fair value through profit and loss £000	Liabilities not within the scope of IAS 39 £000	Total £000	Other financial liabilities at amortised cost £000	Financial liabilities held at fair value through profit and loss £000	Liabilities not within the scope of IAS 39 £000	Total £000
Overdraft								
Sterling	5,682	—	—	5,682	9,517	—	—	9,517
	5,682	—	—	5,682	9,517	—	—	9,517
Current liabilities								
Trade and other payables	353	5,002	—	5,355	579	4,416	—	4,995
Bank loans	—	—	—	—	6,549	—	—	6,549
Current liabilities	6,035	5,002	—	11,037	16,645	4,416	—	21,061
Non-current liabilities								
Trade and other payables	—	3,903	—	3,903	—	6,757	—	6,757
Bank loans	68,485	—	—	68,485	9,611	—	—	9,611
BGF loan	9,524	—	—	9,524	9,227	—	—	9,227
Non-current liabilities	78,009	3,903	—	81,912	18,838	6,757	—	25,595
Total liabilities	84,044	8,905	—	92,949	35,483	11,173	—	46,656

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

— Level one: quoted prices in active markets for identical assets or liabilities

— Level two: inputs other than quoted prices included within Level one that are observable for the asset or liability, either directly or indirectly

— Level three: unobservable inputs for the assets or liabilities

All financial assets and liabilities have been identified as Level one with the exception of:

— Forward foreign exchange contracts, which are Level two financial assets/liabilities and all expire within 12 months from 2 April 2016.

— The Group's interest rate swap contract, which is a Level two financial asset and expires in May 2018.

The Group has relied upon valuations performed by third party valuations specialists for complex valuations of the forward exchange contracts and the interest rate swap contract. Valuation techniques have utilised observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for forward exchange contracts and the interest rate swap contract.

— Contingent earn-out liabilities, which are Level three liabilities.

Notes to the Accounts continued

18. Financial assets and liabilities continued

The fair value of the intangibles under level 3 are estimated using an income approach which capitalises the estimated royalty income which would be charged to a third party to use the brand.

The most significant inputs, all of which are unobservable, are the estimated royalty rate and the discount rate. The estimated fair value increases if the estimated royalty rate increases or the discount rate declines. The overall valuations are sensitive to both assumptions.

There were no transfers between level one, level two and level three in 2016 or 2015.The deferred and contingent earn-out liabilities are as follows:

	Group	
	2016 £000	2015 £000
Current liabilities		
Deferred earn-out liabilities	**3,631**	2,043
Contingent earn-out liabilities	**5,634**	4,416
	9,265	6,459
Non-current liabilities		
Deferred earn-out liabilities	**5,831**	3,945
Contingent earn-out liabilities	**5,299**	7,730
	11,130	11,675
Total liabilities		
Deferred earn-out liabilities	**9,462**	5,988
Contingent earn-out liabilities	**10,933**	12,146
Total	**20,395**	18,134

Reconciliation of movement in contingent earn-out liabilities	£000
Contingent earn-out liabilities as at 28 March 2015	12,146
Additional contingent earn-out liabilities from acquisitions in the period	377
Earn-out payments during the period	(5,410)
Share issue in lieu of earn-out payment	(150)
Revaluation of present value of contingent consideration	3,960
Exchange rate difference	10
Contingent earn-out liabilities as at 2 April 2016	10,933

19. Operating lease arrangements

The Group and Company as lessee

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

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Payments under operating leases recognised in income statement for the year.	**5,385**	2,761	**503**	495

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 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Within one year	**5,849**	4,192	**503**	503
In the second to fifth years inclusive	**13,744**	10,772	**2,003**	2,004
After five years	**10,700**	12,304	**6,500**	6,998
	30,293	27,268	**9,006**	9,505

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.

20. Deferred taxation

	Group £000	Company £000
At 29 March 2014	(231)	(285)
Exchange adjustment	55	—
Credit to Income statement (see Note 6)	(528)	(444)
Adjustment for acquisitions in year opening balances	315	—
Effect of rate change (see Note 6)	21	21
Deferred tax on intangible assets acquired	835	—
At 28 March 2015	467	(708)
At 29 March 2015	**467**	**(708)**
Exchange adjustment	**257**	**—**
Credit to Income statement (see Note 6)	**(1,721)**	**—**
Prior year adjustment for Group relief	**444**	**444**
Adjustment for acquisitions in year	**(1,091)**	**—**
Adjustment for disposal in year	**(169)**	**—**
Effect of rate change (see Note 6)	**149**	**—**
Deferred tax in relation to pension scheme	**(53)**	**—**
Deferred tax on intangible assets acquired	**7,559**	**—**
At 2 April 2016	**5,842**	**(264)**

The provision for deferred taxation is as follows:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Capital Allowances	**(963)**	1,232	**—**	—
Liability on recovering value through sale	**(71)**	(81)	**(71)**	(81)
Deferred grant income	**(163)**	(234)	**—**	—
Tax losses	**(679)**	(1,237)	**(193)**	(627)
Deferred tax on intangible assets acquired	**8,810**	1,289	**—**	—
Other timing differences	**(1,092)**	(502)	**—**	—
	5,842	467	**(264)**	(708)

Financials

Notes to the Accounts continued

20. Deferred taxation continued

The provision is based on taxation rates of 30% in respect of balances relating to the Australia businesses (2015: 30%). The rates applied to UK balances vary dependent on the timing of when the balances are expected to unwind as noted below.

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

The UK corporation tax rate reduction from 20% to 19% on 1 April 2017 and to 18% on 1 April 2020 have been substantively enacted. Accordingly, deferred tax balances at 2 April 2016 have been calculated at the rate at which the relevant balance is expected to be recovered or settled. The UK Finance Bill 2016 includes a reduction of the UK corporation tax rate to 17% on 1 April 2020. Once the UK Finance Bill 2016 substantively enacted, relevant deferred tax balances will be re-measured to 17%.

Deferred tax assets and liabilities

The deferred tax balances shown on the balance sheet are:

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Deferred tax liabilities	**9,129**	2,370	**—**	—
Deferred tax assets	**(3,287)**	(1,903)	**(264)**	(708)
	5,842	467	**(264)**	(708)

21. Retirement benefit obligations

Defined contribution schemes

The Group operates a number of defined contribution pension schemes. The companies and the employees contribute towards the schemes.

Contributions are charged to the Income Statement as incurred and amounted to £2,542,000 (2014: £1,532,000), of which £1,742,000 (2015: £869,000) relates to the UK schemes. The total contributions outstanding at year end was £nil (2015: £nil).

Defined benefit schemes

The Group has two defined benefit schemes, both of which relate to Interfloor Limited, which was acquired during the period.

Interfloor Limited sponsors the Final Salary Scheme ("the Main Scheme") and the Interfloor Limited Executive Scheme ("the Executive Scheme") which are both defined benefit arrangements. The defined benefit schemes are administered by a separate fund that is legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

The last full actuarial valuations of these schemes were carried out by a qualified independent actuary as at 31 July 2015.

The contributions made by the employer over the financial period were £nil, (2015: £nil) in respect of the Main Scheme and £nil (2015: £nil) in respect of the Executive Scheme.

Contributions to the Executive and Main Schemes are made in accordance with the Schedule of Contributions. Future contributions are expected to be an annual premium of £95,000 in respect of the Main Scheme and £126,000 contributions payable to the Executive Scheme. These payments are in line with the certified Schedules of Contributions until they are reviewed on completion of the triennial valuations of the schemes as at 1 August 2018.

As both schemes are closed to future accrual there will be no current service cost in future years.

The defined benefit schemes typically expose the company to actuarial risks such as: investment risk, interest rate risk and longevity risk.

21. Retirement benefit obligations continued

Investment risk

The present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the returns on schemes' assets are below this rate, it will create a scheme deficit. Due to the long-term nature of the schemes' liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the schemes' assets should be invested in equity securities to leverage the return generated by the funds.

Interest risk

A decrease in the bond interest rate will increase the schemes' liability but this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the schemes' participants will increase the schemes' liability.

The present value of the defined benefit liabilities were measured using the projected unit credit method.

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the Consolidated Statement of Financial Position date were as follows:

	2016
Discount rate	3.6%
Revaluation rate of deferred pensioners of CPI or 5% p.a. if less	2.0%
Pension in payment increases of RPI or 5% p.a. if less	2.9%
Pension in payment increases of CPI or 3% p.a. if less	1.8%
Inflation (RPI)	3.0%
Inflation (CPI)	2.0%

The assumptions relating to longevity underlying the pension liabilities at the Consolidated Statement of Financial Position date are based on 115% of the standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

(i) Current pensioner aged 65: 20.8 years (male), 22.8 years (female).

(ii) Future retiree (aged 45) upon reaching 65: 22.1 years (male), 24.3 years (female).

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2016 £000
Administrative expenses	166
Net interest expense	64
Components of defined benefit costs recognised in profit or loss	**230**

The net interest expense has been included within finance costs. The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Notes to the Accounts continued

21. Retirement benefit obligations continued

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2016 £000
The return on plan assets (excluding amounts included in net interest expense)	(40)
Actuarial gains and (losses) arising from changes in demographic assumptions	314
Actuarial losses arising from changes in financial assumptions	(877)
Actuarial (losses) and gains arising from experience adjustments	451
Effect of the asset ceiling (excluding amounts included in net interest cost)	–
Remeasurement of the net defined benefit liability	**(152)**

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2016 £000
Present value of defined benefit obligations	(25,945)
Fair value of plan assets	22,600
Net liability arising from defined benefit obligation	**(3,345)**
Deferred tax applied to net obligation	**636**

Movements in the present value of defined benefit obligations in the period were as follows:

	2016 £000
Defined benefit obligation acquired	25,861
Expense	166
Interest cost	539
Remeasurement (gains)/losses:	
Actuarial gains and (losses) arising from changes in demographic assumptions	(314)
Actuarial losses arising from changes in financial assumptions	877
Actuarial (losses) and gains arising from experience adjustments	(451)
Benefits paid and expenses	(733)
Closing defined benefit obligation	**25,945**

Movements in the fair value of plan assets in the period were as follows:

	2016 £000
Fair value of plan assets acquired	22,898
Interest income	475
Remeasurement gains:	
The return on plan assets (excluding amounts included in net interest expense)	(40)
Benefits paid and expenses	(733)
Closing fair value of plan assets	**22,600**

21. Retirement benefit obligations continued

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2016 £000
Cash and cash equivalents	**518**
Government bonds	**1,826**
Corporate bonds	**3,386**
UK equities	**9,236**
Property	**1,551**
Overseas equities	**6,083**
Closing fair value of plan assets	**22,600**

None of the fair values of the assets shown above include any of the employer's own financial instruments or any property occupied by, or other assets used by, the employer. All of the schemes assets have a quoted market price in an active market.

The actual return on plan assets was £435,000.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.25% per annum, the defined benefit obligation would increase by 4.4%.

If the rate of inflation increases by 0.25% per annum, the defined benefit obligation would increase by 3.3%.

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by 2.5%.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

The Group expects to make a contribution of £221,000 (2015: nil) to the defined benefit schemes during the next financial period.

22. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
18,193,169 Ordinary shares of 25p each (2015: 14,556,579)	**4,548**	3,639

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

The Company issued 3,636,590 fully paid ordinary shares of 25p each during the year ended 2 April 2016. Of this total, 2,906,856 shares were placed to fund the acquisition of Interfloor Group Limited in September 2015. A further placing of 711,035 shares was undertaken in October 2015 to satisfy significant institutional demand identified in response to this acquisition. A further 15,384 shares were issued to a vendor of Globesign Limited in lieu of an element of deferred earn-out payment; 1,860 shares issued to a manager in lieu of bonus entitlement and 1,455 shares issued in connection with the retailer incentive scheme.

Financials

Notes to the Accounts continued

22. Share capital continued

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.

23. Reserves

(a) Retained earnings

Consolidated retained earnings for the Group as at 2 April 2016 was £13,341,000 (2015: £8,915,000) which included £4,827,000 (2015: £4,119,000) in respect of foreign exchange differences on consolidation of overseas subsidiaries.

The profit of the Company for the year determined in accordance with the Companies Act 2006 was £2,679,000 (2015: loss of £6,797,000) The Company is exempt under Section 408 of the Companies Act 2006 from presenting its own Income statement and Statement of Comprehensive Income.

(b) Other reserves

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 and granted BGF an option for 746,000 new Victoria Plc ordinary 25p shares at an exercise price of £2.86 (together, the 'BGF loan and option'). The BGF loan and option is accounted for as separate debt and equity components (see Note 31(a)). The equity component was determined to have a fair value of £682,000.

24. Acquisition of subsidiaries

(a) Quest Flooring

On 7 August 2015, the Group acquired the entire issued share capital of Quest Carpet Manufacturers Pty Limited and Quest Carpet Manufacturers Unit Trust (together "Quest Carpets").

The principle activity of Quest Carpets is the design, manufacture and distribution of carpets across Australia and New Zealand. The business operates from facilities in Dandenong, near Melbourne, Australia and employs a workforce of 89 people.

Quest Carpets is highly complementary to the Group's existing business in Australia. The acquisition is expected to be immediately accretive to the underlying earnings per share of the Company.

The Group results for the year ended 2 April 2016 included A$42.0m (£20.6m[1]) of revenue and A$4.1m (£2.0m[1]) of profit before tax from Quest Carpets. If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been A$23.2m (£11.5m[1]) higher and Group profit before tax would have been A$3.2m (£1.6m[1]) higher.

Note 1 – Applying the average GBP to AUD exchange rate over the financial year of 2.0327.

24. Acquisition of subsidiaries continued

Consideration

(i) Initial cash consideration of A$15.3m (£7.1m[2]).

(ii) Non-contingent deferred consideration of A$10.5m, payable in three equal annual instalments of A$3.5m commencing in June 2016. This deferred consideration had a present value in Sterling as at the acquisition date of £4.5m[2].

(iii) In addition, there are contingent payments in relation to rental property that was retained by the vendors and leased back to the business, which has been treated as deferred consideration for the purpose of assessing the total cost of the acquisition and goodwill created. These payments are made annually over three years commencing in July 2016 and are equal to 50 per cent. of the EBITDA generated by Quest Flooring for that year to 30 June in excess of A$7.0m.

Note 2 – Applying the GBP to AUD exchange rate at the time of the acquisition of 2.1388.

Net assets acquired

	Amounts recognised at acquisition date £000
Property, plant & equipment	1,247
Inventories	3,186
Trade and other receivables	4,000
Net cash / (overdraft)	764
Bank loan	(2,338)
HP / Finance leases	(375)
Vendor loan	(1,507)
Trade and other payables	(4,151)
Current tax liabilities	(245)
Book value of net assets acquired	581
Provisional fair value adjustments:	
Intangible assets (see Note 11)	6,624
Deferred tax liability on intangible assets acquired	(1,987)
Fair value of total identifiable net assets	5,218
Goodwill (see Note 10)	6,800
Total consideration	12,018
Satisfied by:	
Cash	7,143
Deferred and contingent consideration	4,875
	12,018

Other than where fair value adjustments have been made, the book values of asset acquired are considered to approximate to their fair values. The gross contractual amounts of the trade receivables acquired are considered to equate to the fair value of contractual cash flows to be collected.

Depending on the future performance of Quest Flooring, the contingent element of consideration could vary from the present value assessed above. However, based on the overall quantum and sensitivity to changes in assumed future growth rates, the range in potential outcomes of contingent consideration is considered to be immaterial.

After fair value adjustments, goodwill of £6.8m is created on consolidation of Quest Flooring, which relates to expected future profits of the business.

Transaction costs of £251,000 relating to the acquisition of Quest Flooring have been recognised as an expense and included within administrative expenses in the Income Statement.

Notes to the Accounts continued

24. Acquisition of subsidiaries continued

(b) Interfloor Group Limited

On 11 September 2015, the Group acquired the entire issued share capital of Interfloor Group Limited ("Interfloor Group").

The principle activity of Interfloor Group is the design, manufacture and distribution of carpet underlay and related accessories. The business operates in the UK from facilities in Haslingden in Lancashire, England, and Dumfries in Scotland, and employs a workforce of more than 300 people.

The acquisition of Interfloor Group will provide a number of commercial, operational and financial benefits to the Group. The acquisition is expected to be immediately accretive to the underlying earnings per share of the Company.

The Group results for the year ended 2 April 2016 included £41.1m of revenue and £6.0m of profit before tax from Interfloor Group. If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been £30.8m higher and Group profit before tax would have been £4.7m higher.

Consideration

Cash consideration of £14.0m was paid on completion of the acquisition. No deferred or contingent consideration is payable.

Net asset acquired

	Amounts recognised at acquisition date £000
Property, plant & equipment	9,205
Inventories	6,008
Trade and other receivables	9,202
Net cash / (overdraft)	1,572
Bank loan	(33,493)
HP / Finance leases	(6)
Loan notes	(22,056)
Trade and other payables	(12,670)
Current tax asset	332
Deferred tax asset	1,118
Pension scheme liability	(2,963)
Book value of net assets acquired	(43,751)
Provisional fair value adjustments:	
Freehold property	3,497
Loan notes	5,278
Intangible assets (see Note 11)	29,327
Deferred tax liability on intangible assets acquired	(5,572)
Fair value of total identifiable net assets	(11,221)
Goodwill (see Note 10)	25,245
Total consideration	14,024
Satisfied by:	
Cash	14,024
Deferred consideration	—
	14,024

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

The fair value adjustment to freehold property is to reflect the difference between vacant possession market value and book value in the acquired balance sheet.

The loan notes, which were assigned to Victoria PLC as part of the acquisition, attract no coupon and were therefore adjusted from their nominal value to a lower fair value to reflect the discounting effect of a market interest rate for such a loan.

24. Acquisition of subsidiaries continued

Transaction costs of £721,000 relating to the acquisition of Interfloor Group have been recognised as an expense and included within administrative expenses in the Income Statement.

(c) A&A Carpets Limited

On 19 June 2015, the Group acquired the entire issued share capital of Stott Holdings Limited and its subsidiary, A&A Carpets Limited (together "A&A Carpets"), a flooring distribution business. The acquisition further enhances the Group's marketing and distribution operations in the UK.

Cash consideration of £600,000 was paid, with transaction costs of £24,000 recognised within administrative expenses. The fair value of the acquired assets and liabilities was a net assets position of £643,000. No separately identifiable intangible assets were acquired. As a result, negative goodwill of £43,000 was recognised in the year as a non-underlying income.

25. Discontinued operations

On October 2 2015, the Group disposed of its wholly owned subsidiary, Westwood Yarns Limited. The Group received cash consideration of £0.43m and recognised a net loss on disposal of £1.85m (non-cash item).

Income statement of discontinued operations

	53 weeks ended 2 April 2016[1] £000	52 weeks ended 28 March 2015 £000
Revenue	5,152	10,731
Intercompany revenue	(4,609)	(9,429)
Net revenue	543	1,302
Operating expenses	(774)	(1,489)
Depreciation	(124)	(245)
Operating loss	(355)	(432)
Finance costs	(2)	—
Loss before tax	(357)	(432)
Tax	72	86
Loss on disposal	(1,847)	—
Loss for the financial year from discontinued operations	(2,132)	(346)

1. Westwood Yarns Limited results in the year ended 2 April 2016 are only included up to the 2 October 2015 – the date of disposal of the business.

Assets and liabilities of discontinued operations

	As at 2 October 2015 £000
Property, plant and equipment	2,180
Inventories	1,353
Trade and other receivables	1,706
Total assets	5,239
Trade and other payables	1,980
Deferred tax liabilities	98
Bank overdraft	883
Total liabilities	2,961
Net assets disposed	2,278
Total consideration	431
Net loss on disposal	1,847

Notes to the Accounts continued

25. Discontinued operations continued

Cash flows from discontinued operations

	53 weeks ended 2 April 2016[1] £000	52 weeks ended 28 March 2015 £000
Net cash flows from operating activities	**67**	(1,183)
Net cash flows from financing activities	**(2)**	—
Net cash flows	**65**	(1,183)
Cash and cash equivalents at the beginning of the period	**(948)**	235
Cash and cash equivalent disposed	**883**	—
Cash and cash equivalents at the end of the period	**—**	(948)

1. Westwood Yarns Limited cash flows in the year ended 2 April 2016 are only included up to the 2 October 2015 – the date of disposal of the business.

26. Analysis of net debt

	At 28 March 2015 re-stated £000	Cash flow £000	Capital expenditure under finance leases/HP £000	Acquisitions £000	Other non-cash changes £000	Exchange movement £000	At 2 April 2016 £000
Cash	2,392	10,593	—	—	5,951	142	**19,078**
Bank overdraft	(10,894)	16,845	—	—	(5,951)	—	**—**
Cash and cash equivalents	(8,502)	27,438	—	—	—	142	**19,078**
Finance leases and hire purchase agreements							
— Payable less than one year	(825)	650	—	(83)	(326)	(12)	**(596)**
— Payable more than one year	(388)	—	(451)	—	326	—	**(513)**
Bank loans							
— Payable less than one year	(6,689)	6,689	—	—	—	—	**—**
— Payable more than one year	(9,712)	(3,181)	—	(54,632)	—	(1,755)	**(69,280)**
BGF loan							
— Payable less than one year	—	—	—	—	—	—	**—**
— Payable more than one year	(9,542)	—	—	—	(254)	—	**(9,796)**
Net debt	(35,658)	31,596	(451)	(54,715)	(254)	(1,625)	**(61,107)**
Prepaid finance costs	556	1,065	—	—	(554)	—	**1,067**
Net debt including prepaid finance costs	(35,102)	32,661	(451)	(54,715)	(808)	(1,625)	**(60,040)**

The BGF loan relates to the debt component of the BGF loan and option instruments. Further details are provided in Note 31(a).

The bank loans and BGF loan are disclosed in the table excluding prepaid finance costs.

The Group's policy on Derivatives and Other Financial Instruments is set out in Note 28.

27. Government Grants

	2016 £000	2015 £000
Deferred Income at 28 March 2015	782	1,138
Total grant income in the year	—	—
Deferred income from acquisitions during the year	37	—
Less: Amortisation to deferred income by release through cost of production in the year	(269)	(295)
Exchange differences	4	(61)
Deferred income at 2 April 2016	554	782
Presented in:		
Current liabilities	215	255
Non-current liabilities	339	527
Deferred income at 2 April 2016	554	782

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

28. Financial instruments

Background

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

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

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

General objectives, policies and processes

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

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

Notes to the Accounts continued

28. Financial instruments continued

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

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

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

Liquidity risk

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

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

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

The maturity of financial liabilities is detailed in Note 17.

Market risk

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

a) Interest rate risk

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

Interest rate sensitivity

The annualised effect of a 50 basis point decrease in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables held constant, have resulted in a increase in post-tax profit for the year of £284,000 (2015: decrease in post-tax loss of £110,000). A 50 basis point increase in the interest rate would, on the same basis, have reduced the profit for the year by the same amount.

28. Financial instruments continued

Borrowings, contractual maturities and 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. The bank loans and BGF loan are disclosed in the table excluding prepaid finance costs.

	As at 2 April 2016						As at 28 March 2015					
	Effective Interest Rate %	Total £000	0–1 years £000	1–2 years £000	2–5 years £000	Over 5 years £000	Effective Interest Rate %	Total £000	0–1 years £000	1–2 years £000	2–5 years £000	Over 5 years £'000
Group												
Cash	0.00	19,078	19,078	—	—	—	0.08	2,392	2,392	—	—	—
Bank loans & overdraft	3.28	(69,280)	—	—	(69,280)	—	4.15	(27,295)	(17,583)	(9,712)	—	—
BGF loan and option	13.30	(10,000)	—	—	(1,666)	(8,334)	13.30	(10,000)	—	—	—	(10,000)
Finance lease and HP	4.79	(1,109)	(183)	(223)	(703)	—	5.32	(1,213)	(450)	(457)	(306)	—
	4.55	(61,311)	18,895	(223)	(71,649)	(8,334)	6.56	(36,116)	(15,641)	(10,169)	(306)	(10,000)
Company												
Bank loans & overdraft	3.03	(74,962)	(5,682)	(9,712)	(69,280)	—	3.46	(25,918)	(16,206)	(9,712)	—	—
BGF loan and option	13.30	(10,000)	—	—	(1,666)	(8,334)	13.30	(10,000)	—	—	—	(10,000)
	4.24	(84,962)	(5,682)	(9,712)	(70,946)	(8,334)	6.20	(35,918)	(16,206)	(9,712)	—	(10,000)

Non-interest bearing liabilities

	2016 £000	2015 £000
Non-interest bearing liabilities falling due within one year	**66,913**	39,066

Details of trade and other payables falling due within one year are set out in Note 16.

b) Currency risk

The main currency exposure of the Group arises from the ownership of the two Australian subsidiaries, which accounts for approximately 20% 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 an increase in Group post-tax profit for the year of £273,000. (2015: decreased Group post-tax loss by £121,000). A 10% weakening in the exchange rate would, on the same basis, have decreased Group post-tax profit by £223,000 (2015: increased Group post-tax loss by £99,000).

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 £1,491,000 (2015: an increase of £1,318,000). A 10% weakening in the exchange rate would, on the same basis, have decreased equity by £1,220,000 (2015: decrease of £1,078,000).

Notes to the Accounts continued

28. Financial instruments continued

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

	Liabilities		Assets	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Australian dollar	**24,098**	7,939	**38,299**	20,377

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.

29. 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 2 April 2016. 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

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.

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 in Note 24.

Impairment of Goodwill

On an annual basis the Group is required to perform an impairment review to assess whether the carrying value of goodwill is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in this review are detailed in Note 10.

Defined benefit obligation

The Group has two defined benefit pension schemes. The obligations under the schemes are recognised in the Consolidated Balance Sheet and represent the present value of the obligation calculated by independent actuaries, with input from the Directors. These actuarial valuations include assumptions such as discount rates, return on assets and mortality rates. These assumptions vary from time to time according to prevailing economic conditions.

Because of changing market and economic conditions, the expenses and liabilities actually arising under the scheme in the future may differ materially from the estimates made on the basis of the actuarial assumptions. The effects of any change to these assumptions are accounted for in the next financial year as other comprehensive income. The calculation of any charge relating to retirement benefits is clearly dependent on the assumptions used, which reflects the exercise of judgement.

Inventories

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.

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 15.

30. 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 2 April 2016, the key management personnel, and their immediate relatives controlled 41.6% 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	
	53 weeks ended 2 April 2016 £000	52 weeks ended 28 March 2015 £000
Short-term employee benefits	**2,895**	1,661
Post-employment benefits	**419**	196
	3,314	1,857

Transactions with subsidiary undertakings:

	Company	
	53 weeks ended 2 April 2016 £000	52 weeks ended 28 March 2015 £000
Dividend income – The Victoria Carpet Company Pty Limited	**984**	—
Dividend income – Quest Flooring Pty Limited	**474**	—
Dividend income – Victoria Carpets Limited	**—**	500
Dividend income – Globesign Limited	**3,500**	2,000
Dividend income – Abingdon Flooring Limited	**3,000**	1,500
Dividend income – Interfloor Group Limited	**3,500**	—
Dividend income – Whitestone Carpets Holdings Limited	**2,000**	500
Rental income – Victoria Carpets Limited	**—**	80

	As at 2 April 2016 £000	As at 28 March 2015 £000
Amounts due from subsidiary undertakings	**88,521**	23,763
Amounts due to subsidiary undertakings	**1**	1

Notes to the Accounts continued

30. Related parties continued

Transactions with the Business Growth Fund

Gavin Petken, a Non-Executive Director of Victoria PLC, is the Business Growth Fund's ('BGF') Regional Director for the South. On the 30 September 2014 the Company entered into a £10m 2022 unsecured loan facility with BGF. In addition, BGF has been granted an option over 746,000 new Ordinary 25p shares in the Company at 286p per share, representing 5% of the Company's deemed enlarged issued share capital at the time of grant.

The BGF loan and option is accounted for as separate debt and equity components (see Note 31(a)).

Interest charged to the income statement during the period in relation to the BGF loan was £1,326,000 (2015: £724,000).

31. Change in accounting policy and prior year adjustment

(a) Business Growth Fund loan and equity warrants

There has been a change this year in the accounting treatment of the Business Growth Fund ('BGF') fully subordinated £10m 2022 unsecured loan note facility and associated equity warrants (the 'BGF loan and option'). The loan note facility was previously treated as a £10m loan held on the balance sheet within 'other financial liabilities' along with accrued interest (totalling £164,000 as at the prior year-end) in relation to a £2,133,560 redemption premium payable in 2019. Linked to the loan note facility, BGF own warrants to acquire 746,000 shares in Victoria PLC at 286p per share, the total cost to BGF of exercising these warrants being £2,133,560 (payable to the Company). As at 28 March 2015, a balance of £60,000 was held in a share based payment reserve in relation to these warrants.

These instruments are now accounted for using split accounting which involves first determining the carrying amount of debt component. This is done by measuring the net present value of the discounted cash flows of interest and capital repayments, ignoring the possibility of exercise of the equity warrants. The discount rate is the market rate at the time of inception for a similar liability that does not have an associated equity instrument. On this basis the debt component, held within 'other financial liabilities', had a fair value as at 28 March 2015 of £9,470,000, and the equity component, held within 'other reserves', a fair value of £682,000. As at 2 April 2016, the fair value of the debt component had increased to £9,796,000 due to the unwinding of the interest rate discount over time, with a £326,000 charge going to finance costs in the income statement. This charge is split £146,000 within underlying interest charges and £180,000 within non-underlying finance costs, the latter amount being the additional annual charge associated with the redemption premium. In addition, there is non-underlying finance income of £72,000 in the year relating to the difference in the recognised BGF liability as at 28 March 2015 under the two treatments (being the previous £60,000 share based payment reserve and a difference of £12,000.in interest charge to that date).

Furthermore, in the prior year, prepaid finance costs, including those associated with the BGF loan and option, were recognised within prepayments. These have now been offset against the relevant financial liability in the balance sheet. Amortisation of these prepayments was previously included in the income statement with administration costs and are now included within finance costs.

31. Change in accounting policy and prior year adjustment continued

The resultant restatement of non-current financial liabilities and total equity for the Company as at 28 March 2015 is summarised below.

	Company As at 28 March 2015 New treatment £000	Company As at 28 March 2015 Previous treatment £000
Amounts owed by subsidiaries	23,763	23,763
Prepayments and accrued income	108	664
Trade and other receivables	23,871	24,427
Bank overdrafts	9,517	9,517
Bank loans	6,549	6,689
Current other financial liabilities	16,066	16,206
BGF loan (debt component) recognised under the respective treatments	9,155	10,164
Difference between accounting treatments taken to BGF liability (subsequently released in the year to 2 April 2016)	72	—
Other non-current other financial liabilities	9,611	9,712
Non-current financial liabilities	18,838	19,876
Share capital	3,639	3,639
Share premium	10,144	10,144
Retained earnings	1,818	1,818
Share based payment reserve	—	60
Other reserves (BGF equity component)	682	—
Total equity	16,283	15,661

The impact on the prior year income statement of the change in accounting treatment to split the debt and equity components of the BGF loan and option is deemed to be immaterial and has therefore not been adjusted.

(b) New accounting policy in relation to sampling assets

A new accounting policy has been adopted this year in relation to expenditure on sampling assets. Sampling assets consist of a variety of product samples and sample books, as well as point of sale stands designed to hold the samples. The cost of these assets was previously expensed as incurred. Under the new policy, these assets are capitalised as fixed assets and depreciated.

The Group places sampling assets with retail customers for the purpose of helping to generate future customer sales, and therefore sales for the Group. These assets are held by customers in their stores for a period of time until the introduction of new colours or a new range by the Group, resulting in their replacement. As such, it has been deemed appropriate to capitalise these assets on the Group's balance sheet to reflect their existence and expected future economic benefit, and to depreciate to the income statement to match their cost against the revenue generated.

The Group's consolidated accounts and all subsidiary accounts have been prepared on the basis of this new accounting policy, with a prior-year adjustment reflected in the comparable figures. This includes a fully retrospective adjustment to reflect the Group's restated position and performance had this accounting policy been adopted historically. As such, the restated depreciation charge in the year includes charges in relation to sampling assets acquired in previous financial years.

Sampling assets have been classed as 'Fixtures, vehicles and equipment' and sit within this category as presented in Note 12.

The useful economic life of these assets has been prudently estimated to be 24 months, and all sampling assets are depreciated on a straight-line basis over this time period.

Notes to the Accounts continued

31. Change in accounting policy and prior year adjustment continued

The impact on the Group's consolidated income statement in the prior year is summarised below.

Income statement

	52 weeks ended 28 March 2015		
	Previous basis £000	Impact of change in accounting policy £000	Re-stated £000
Revenue	127,003	—	127,003
Underlying operating profit	9,392	37	9,429
Non-underlying operating items	(270)	—	(270)
Exceptional operating items	(7,952)	895	(7,057)
Operating profit	1,170	932	2,102
Interest charges	(1,498)	—	(1,498)
Non-underlying finance costs	(2,192)	—	(2,192)
Profit/(loss) before tax	(2,520)	932	(1,588)
Taxation	(1,658)	—	(1,658)
Profit/(loss) after tax from continuing operations	(4,178)	932	(3,246)
Loss from discontinued operations	(346)	—	(346)
Profit/(loss) for the period	(4,524)	932	(3,592)

Operating profit on the previous basis includes a £79,000 adjustment in relation to amortisation of prepaid finance costs, which was previously included within administration costs and has been reallocated to interest charges.

The change in underlying operating profit results from timing differences between the acquisition of sampling assets and the aggregate depreciation profile. The reduction in exceptional operating items relates to the fact that the net book value of these assets under the new accounting policy on the Abingdon Flooring acquired balance sheet is greater than the assessed goodwill arising from the acquisition at the time; with the resultant difference being treated as an exceptional acquisition related income, as required by IFRS.

The impact on the Group's earnings per share in the prior year is summarised below.

Earnings per share

	52 weeks ended 28 March 2015		
	Previous basis	Impact of change in accounting policy	Re-stated
From continuing operations:			
Basic earnings per share	(35.23p)	7.86p	(27.37p)
Diluted earnings per share	(35.23p)	7.86p	(27.37p)
Including discontinued:			
Basic earnings per share	(38.15p)	7.86p	(30.29p)
Diluted earnings per share	(38.15p)	7.86p	(30.29p)

31. Change in accounting policy and prior year adjustment continued

The impact on the Group's consolidated balance sheet and other key financial information in the prior year is summarised below.

Balance sheet

	As at 28 March 2015			As at 29 March 2014		
	Previous basis £000	Impact of change in accounting policy £000	Re-stated £000	Previous basis £000	Impact of change in accounting policy £000	Re-stated £000
Total assets	113,656	2,929	116,585	78,697	2,038	80,735
Total liabilities	(93,205)	—	(93,205)	(44,058)	—	(44,058)
Net assets	20,451	2,929	23,380	34,639	2,038	36,677

Total assets and liabilities on the previous basis as at both 28 March 2015 and 29 March 2014 include adjustments in relation to the BGF loan and option and prepaid finance costs (see Note 31(a)).

The adjustment in total assets as at 28 March 2015 of £2,929,000 comprises an increase in fixed assets of £5,300,000 relating to the net book value of capitalised sampling assets, less a reduction in goodwill of £2,371,000 in relation to the acquisitions of Whitestone and Abingdon as a result of recognising sampling assets in their respective acquired balance sheets. Retained earnings as at 28 March 2015 also increase by £2,929,000.

The adjustment in total assets as at 29 March 2014 of £2,038,000 relates entirely to the net book value of capitalised sampling assets, with the equivalent increase in retained earnings.

Other information

	52 weeks ended 28 March 2015		
	Previous basis £000	Impact of change in accounting policy £000	Re-stated £000
Depreciation (from continuing operations)	2,758	3,647	6,405
Amortisation of acquired intangibles	270	—	270
	3,028	3,647	6,675

	52 weeks ended 28 March 2015		
	Previous basis £000	Impact of change in accounting policy £000	Re-stated £000
Capital expenditure (from continuing operations)	1,391	3,683	5,074

There is no impact from this accounting policy change on the Victoria PLC company only accounts.

Financials

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

Dividend payments

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

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

Unsolicited mail

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

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Glossary

BGF	Business Growth Fund
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation and exceptional items
EPS	Earnings per share
FY15	The 52 weeks ended 28 March 2015
FY16	The 53 weeks ending 2 April 2016
H1	27 weeks ended 3 October 2015
H2	26 weeks ended 2 April 2016
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPIs	Key Performance Indicators used to assess business performance
PBT	Profit before taxation

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