


Company Registration No. 04123146 (England and Wales)

**TILES4LESS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021**

WEC	MONDAY			
		*RB9HMANL*		
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COMPANIES HOUSE				

# TILES4LESS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Parker S Hopson	(Appointed 2 November 2020)
<b>Company secretary</b>	R Cole A R Hodder	(Appointed 31 May 2022) (Resigned 31 May 2022)
<b>Company number</b>	04123146	
<b>Registered office</b>	Thorpe Way Grove Park Enderby Leicestershire LE19 1SU	
<b>Bankers</b>	Barclays 3 Hardman Street Manchester M3 3HF	
<b>Solicitors</b>	Osborne Clarke One London Wall London EC2Y 5EB  Shoosmiths 2 Colmore Square Birmingham B4 6BJ	

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# TILES4LESS LIMITED

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# TILES4LESS LIMITED

## STRATEGIC REPORT

### FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

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The directors present the strategic report for the 53 week period ended 2 October 2021.

#### Principal activities

The principal activity of Tiles4Less Limited is a holding company within the Topps Tiles Plc Group of companies.

The Company is a subsidiary of Topps Tiles Plc. The ultimate parent company produces consolidated financial statements. Details of the Group Business Model, and that of the subsidiary companies is explained in more detail in the financial statements of the ultimate parent, Topps Tiles Plc (company number: 03213782). A copy of its financial statements can be obtained from the Registered Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

All Topps Tiles Group companies are managed and controlled on a unified basis. Whilst the directors take a responsible approach to the performance of each Group and individual holding and subsidiary company, the results of these subsidiary companies can vary from time to time.

The core purpose for the Group is to *inspire customers through our love of tiles*. This purpose also helps to give the Group great strategic clarity in that any opportunities we pursue should seek to leverage our core specialism. The business has an overarching goal to profitably grow sales, supported by our Group strategies of "Leading Product and "Leading People".

#### Principal risks and uncertainties

Understanding and managing the risks faced by the business has never been more important than during the last two years, with the impact of COVID-19 on our people, our customers, our suppliers and our ability to trade. Although the most severe disruption from the pandemic appears to be abating, substantial uncertainty remains around the outlook, and this uncertainty is likely to continue for some time to come.

Group revenue in the year was impacted by trading restrictions related to the COVID-19 pandemic in the second quarter, when homeowners were unable to go inside our stores and registered traders were only allowed to enter to visit the trade counter. The prior year was also materially impacted by temporary store closures in the third quarter, also relating to the pandemic. COVID-19 is now a key risk that the Group face, and the directors will continue to monitor and respond to the uncertainty going forward.

Further risks to the business include the continuing challenges of the UK economy and the subsequent business impact, balancing the longer term investment needs of the business against the future economic outlook, its relationship with key suppliers, the potential threat of new competitors, and the risk that key information technology systems could fail. Other risks include the possible impacts on costs of sourcing due to the weakness of Sterling in comparison to the Euro and US dollar currencies, risks relating to current financing arrangements, the loss of key personnel and the development of substitute products. The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or their potential outcomes.

The risks of losing key suppliers has increased as a result of the UK's decision to leave the EU. Future trade deals between EU and non-EU countries may result in the business having to review and renew existing supplier relationships. The Topps Tiles Group has a diverse supply chain and due to its scale can source products from all over the world, going some way to mitigate any risks associated with leaving the EU.

#### Review of the period

The company has incurred an overall profit before tax of £3.4 million compared to a profit of £11.5 million in the prior period, due to a dividend received from Topps Tiles (UK) Limited. This is after net finance costs of £2.6 million (2020: £3.5 million). The directors were able to declare a dividend in the period of £1.3 million (2020: £5.5 million).

At the balance sheet date, the Company had net assets totalling £2.1 million (2020: £1.2 million).

## **TILES4LESS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021**

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#### **Key performance indicators**

The Board monitors performance in implementing the strategy with reference to a clearly defined set of key performance indicators ("KPIs"). These KPIs are applied on a Group-wide basis and cover a range of financial and non-financial metrics, as outlined below:

- Financial metrics:
  - Adjusted Group revenue growth year on year 18.3% (2020: -12.0%)
  - Like for like sales growth year on year 19.6% (2020: -12.5%)
  - Adjusted gross margin 57.3% (2020: 58.5%)
  - Adjusted profit before tax £15.3 million (2020: £3.6 million)
  - Adjusted earnings per share 6.13p (2020: 1.57p)
  - Adjusted net cash £27.8 million (2020: 26.0 million)
  - Inventory days 123 (2020: 134)
- Non-financial metrics:
  - Customer overall service score 88.4% (2020: 88.5%)
  - Colleague turnover 31.2% (2020: 28.8%)
  - Carbon emissions per store (tonnes per annum) 27.2 (2020: 24.7)
  - Number of retail stores at year end 313 (2020: 342)

# TILES4LESS LIMITED

## STRATEGIC REPORT (CONTINUED)

*FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021*

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### Section 172 Companies Act 2006

The Company is part of the Topps Tiles plc ("Parent Company") group of companies and is wholly owned by the Parent Company.

The Board, both individually and together, consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (the members being the Parent Company) and having regard to the stakeholders and matters set out in s172 (1) (a–f) of the Companies Act 2006 in the decisions taken during the Period.

Group companies, including the Company, are managed and controlled on a unified basis under the Parent Company Board of Directors' direction. Accordingly, the Parent Company Board has overall responsibility for determining the Group's and the Company's purpose, values and strategy, and for ensuring high governance standards. The Parent Company's primary aim is to promote the long-term sustainable success of the Parent Company, generating value for the Parent Company's shareholders and contributing to the wider society. The Group's management decisions and actions are taken having regard to the Parent Company's interests as the ultimate shareholder of the Company and the interests of common stakeholders, being the Group's employees, suppliers, customers, and creditors, in line with s172 (1) (a–f) of the Companies Act 2006, including consideration of:

- Likely consequences of decisions in the long term: this is done through a three-year planning process, with progress reviewed regularly and strengthened through clear reporting lines, sharing of management information and KPIs, and regular contact between the Parent Company Board members and the Group's Senior Executives.
- Employees: a member of the Parent Company Board acts as Employee Engagement Director to provide a link between the Parent Company and the Group's employees, and there is a range of initiatives and activities aimed at enhancing the interest of the Group's employees under the Group's Leading People initiative. Colleagues are fundamental to the successful delivery of the Group's strategy, as the Group continues to work to enhance its reputation for providing high-quality products and excellent customer service. This is done through a range of initiatives and activities to take into account colleague interests upon which the Parent Company Board receives regular updates and is regularly consulted. A member of the Parent Company Board, Kari Daniels, is designated Employee Engagement Director and provides feedback directly to the Parent Company Board on matters discussed at scheduled 'Team Talk' meetings. Monthly reports cover matters concerning colleagues, including health and safety; and the Parent Company Board is kept informed on colleague matters through a range of other reports, including monthly updates, feedback from our "MyVoice" colleague engagement programme, our annual colleague survey and direct contact with colleagues through visits to stores. This year, with the Parent Company Board's support, the Group maintained its focus on diversity and inclusion and, additionally, made mental health an area of focus.
- Stakeholders: the Group's customers and suppliers (and creditors) are fundamental to the delivery of the Group's plan, and as a leading consumer brand, the Group must maintain its reputation for high standards of business conduct. Products are sourced directly from manufacturers globally, with a focus on building long-term strategic relationships with our manufacturing partners. Our buying scale and customer reach allow us to develop product ranges with leading tile manufacturers that are genuinely innovative. We combine this with a focus on excellence in customer service, the convenience of a nationwide store network and a world-class website and competitive pricing to ensure that all our customers receive excellent value, service, and products.
- Community and the environment: the Group aims to be a responsible member of our community and minimize its impact on the environment. Being a responsible member of our community and minimising the Group's impact on the environment is increasingly valued by the Group's customers. A positive response to these challenges is a source of competitive advantage that will support the Group's long-term sustainable growth. The Parent Company Board is highly engaged with ESG topics and considers them integral to their work on strategy. There is a range of initiatives and activities to take into account the community and the environment upon which the Parent Company Board receives regular updates and is regularly consulted. This year, the Parent Company Board strengthened the Group's commitment to the environment and community, setting an ambition to be carbon balanced by 2030 and designating CEO Rob Parker as the Parent Company Board's lead on matters of sustainability.

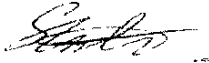
**TILES4LESS LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021***

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On behalf of the board



S Hopson  
**Director**

21 June 2022

# **TILES4LESS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021**

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The directors present their annual report and financial statements for the 53 week period ended 2 October 2021.

For further information on the operations of the company, its approach to customer service, corporate social responsibility and the environment together with a review of market conditions please refer to the Topps Tiles Plc Annual Report which may be downloaded from our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

The Company is a subsidiary of Topps Tiles Plc ("Topps"). The Directors run the Companies on a Group basis where possible and references to Topps in these financial statements relate to the Group as a whole.

#### **Principal activities**

The principal activities of the Company are those of a holding company. A review of the business for the period is found in the strategic report.

#### **Directors**

The directors who held office during the 53 week period and up to the date of signature of the financial statements were as follows:

R Parker

S Hopson

(Appointed 2 November 2020)

#### **Charitable and political donations**

No charitable or political donations were made in the period (2020: £nil).

#### **Principal risks and financial risk management policies**

Funding for all subsidiaries of Topps Tiles Plc is arranged centrally. The Company does not use derivatives to manage its financial risks. Due to the nature of the Company's business and the assets and liabilities contained in the Company's balance sheet, the principal risks and uncertainties affecting the Company relate to the business risks faced by the group and its subsidiaries. Further discussion of these risks and the performance and future of its subsidiaries is provided in the financial statements of those companies, which does not form part of this report, as well as in the consolidated financial statements of the group which are publicly available.

#### **Future developments**

During the period, the Topps Tiles Group started a simplification exercise which in part considers the future activities of this entity. This exercise will continue over the next 12 months and there is an expectation that the number of transactions flowing through this entity will reduce over time.

#### **Energy and carbon report**

Tiles4Less Limited does not utilise sufficient energy in order to meet the reporting requirements under SECR and as such have not disclosed this information.



## TILES4LESS LIMITED

### DIRECTORS' REPORT (CONTINUED)

*FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021*

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#### **Going concern**

The directors completed a review of the Topps Tiles Group from a going concern perspective as at 21 June 2022. When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of a more pessimistic trading scenario that was deemed severe but plausible. The more pessimistic trading scenario was based on a 15% decline in the tile market in which we operate, taking it back down to 2018 levels but with significant inflationary pressures remaining over the course of 2022 and 2023. This results in much lower sales and margins than the base scenario, resulting in worse profit and cash outcomes.

The Group has already taken a number of actions to strengthen its liquidity during the Covid-19 pandemic, including the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020, and the scenarios start from a position of relative strength. The going concern review also outlined a range of other mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store employee costs, savings on central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend.

The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenario. The current lending facility was refinanced in July 2018 and expires in July 2023. In all scenarios, the Board have concluded that there is sufficient available liquidity and covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this statement. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

On behalf of the board



S Hopson  
Director

21 June 2022

# TILES4LESS LIMITED

## INCOME STATEMENT

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

		53 week period ended 2 October 2021 £000	52 week period ended 26 September 2020 £000
	Note		
Administrative expenses		(1)	(4)
<b>Operating loss</b>		<b>(1)</b>	<b>(4)</b>
Investment income	4	6,000	15,000
Finance costs	5	(2,639)	(3,531)
<b>Profit before taxation</b>		<b>3,360</b>	<b>11,465</b>
Tax on profit	6	-	-
<b>Profit and total comprehensive income for the financial 53 week period</b>		<b>3,360</b>	<b>11,465</b>

All activities arose from continuing operations.

There were no recognised income or expenses for either period other than those reported above and therefore no separate statement of comprehensive income has been presented.

# TILES4LESS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 2 OCTOBER 2021

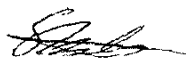
	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Investments	8	128,007	128,007
<b>Current assets</b>			
Trade and other receivables	9	87,491	81,491
Cash and cash equivalents		2	2
		87,493	81,493
<b>Current liabilities</b>			
Trade and other payables	10	(213,405)	(208,265)
<b>Net current liabilities</b>		(125,912)	(126,772)
<b>Net assets</b>		2,095	1,235
<b>Equity</b>			
Called up share capital	11	-	-
Retained earnings		2,095	1,235
<b>Total equity</b>		2,095	1,235

For the financial 53 week period ended 2 October 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the 53 week period in question in accordance with section 476.

The financial statements on pages 7 to 15 of Tiles4Less Limited were approved and signed by the directors and authorised for issue on 21 June 2022



S Hopson  
Director

Company Registration No. 04123146

# TILES4LESS LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021*

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	Note	Retained earnings £000
Balance at 29 September 2019		770
Period ended 26 September 2020:		
Profit and total comprehensive income for the period		11,465
Dividends	7	(11,000)
Balance at 26 September 2020		<u>1,235</u>
Period ended 2 October 2021:		
Profit and total comprehensive income for the period		3,360
Dividends	7	(2,500)
Balance at 2 October 2021		<u><u>2,095</u></u>

# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

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### 1 Accounting policies

#### General information

Tiles4Less Limited is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England. The registered office is Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU. The company's principal activities and nature of its operations are disclosed in the directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Throughout the financial statements, references to 2021 mean at 2 October 2021 or the 53 weeks then ended; references to 2020 mean at 26 September 2020 or the 52 weeks then ended.

These financial statements are separate financial statements. The Company's results are included within the consolidated Group financial statements of Topps Tiles Plc. The Group financial statements of Topps Tiles Plc are available to the public and can be obtained as set out in note 14.

#### 1.1 Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015. These financial statements have also been prepared in accordance with the Companies Act 2006.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows;
- paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member and paragraph 17 of IAS 24 Related Party Disclosures (key management disclosures);
- the requirements of paragraphs 10(d), 10(f), and 134 to 136 of IAS 1 Presentation of Financial Statements.

Where required, equivalent disclosures are given in the Group financial statements of Topps Tiles Plc.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006, except for assets held for sale which have been held at their fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

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### 1 Accounting policies

(Continued)

#### Basis of consolidation

The Company is exempt, under Section 400 of Companies Act 2006, from the obligation to prepare and deliver group financial statements as it is included in the consolidated financial statements of Topps Tiles Plc. Accordingly, the financial statements present information about the Company as an individual undertaking and not its group.

### 1.2 Going concern

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of a more pessimistic trading scenario that was deemed severe but plausible. The more pessimistic trading scenario was based on a 15% decline in the tile market in which we operate, taking it back down to 2018 levels but with significant inflationary pressures remaining over the course of 2022 and 2023. This results in much lower sales and margins than the base scenario, resulting in worse profit and cash outcomes.

The Group has already taken a number of actions to strengthen its liquidity during the Covid-19 pandemic, including the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020, and the scenarios start from a position of relative strength. The going concern review also outlined a range of other mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store employee costs, savings on central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend.

The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenario. The current lending facility was refinanced in July 2018 and expires in July 2023. In all scenarios, the Board have concluded that there is sufficient available liquidity and covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this statement. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

### 1.3 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less provisions for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss.

### 1.4 Investment income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances including credit card receipts and deposits, less bank overdrafts which are repayable on demand where there is a right of offset. All cash equivalents have an original maturity of three months or less.

# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Financial assets

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets at "fair value through profit or loss", financial assets at "fair value through statement of other comprehensive income", and financial assets carried at "amortised cost". The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### 1.7 Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities that are classified as fair value through profit or loss relate to derivatives that are not designated and effective as a hedging instrument. Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the profit or loss.

#### 1.8 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable 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 is 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 tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 is realised. Deferred tax is charged or credited in the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

### 2 Critical accounting estimates and judgements

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

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

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

#### Critical judgements

##### Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

##### Key sources of estimation uncertainty

##### Recoverability of intercompany receivables

The directors consider that the recoverability of intercompany balances is a key source of estimation uncertainty. The company makes an estimate of the recoverable amount of amounts receivable to group undertakings by performing an annual review of net assets and cashflows for those group companies, and have concluded all intercompany receivables remain recoverable at the period end.

### 3 Directors' remuneration

The directors are paid by another group undertaking and it is not practicable to allocate their remuneration to other group companies for services rendered. Full disclosure of the directors' remuneration can be found in the group financial statements of Topps Tiles Plc. Copies of the group financial statements can be obtained from the address noted in note 14.

### 4 Investment income

	2021	2020
	£000	£000
<b>Other income from investments</b>		
Dividends received	6,000	15,000

### 5 Finance costs

	2021	2020
	£000	£000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on other loans	2,639	3,531



# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

### 6 Taxation

The company has no tax charge for the period (2020: £nil)

Tax expense for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the period ended 2 October 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	3,360	11,465
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	638	2,178
Income not taxable	(1,140)	(2,850)
Group relief	502	672
<b>Taxation charge for the period</b>	-	-

A UK corporation rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

### 7 Dividends

	2021 per share £000	2020 per share £000	2021 Total £000	2020 Total £000
Amounts recognised as distributions:				
<b>Ordinary shares</b>				
Interim dividend paid	1,250.00	5,500.00	2,500	11,000

### 8 Investments

	Current 2021 £000	2020 £000	Non-current 2021 £000	2020 £000
Investments in subsidiaries	-	-	128,007	128,007

In the period ending 3 October 2015, the Company acquired a Group company (Topps Tiles (UK) Limited) from Multi-Tile Distribution Limited for £128,007,000.

The company holds investments of 100% of the issued share capital of Topps Tiles (UK) Limited, which is incorporated in the United Kingdom. The registered office address for the subsidiary mentioned above is Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

### 9 Trade and other receivables

	2021 £000	2020 £000
Amounts owed by fellow group undertakings	87,491	81,491

# TILES4LESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 53 WEEK PERIOD ENDED 2 OCTOBER 2021

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### 9 Trade and other receivables (Continued)

Amounts owed by fellow group undertakings are interest free and repayable on demand.

### 10 Trade and other payables

	2021 £000	2020 £000
Amounts owed to fellow group undertakings	213,405	208,265

Included within amounts owed to fellow group undertakings is a value of £128,007,000 that bears interest at a rate of LIBOR plus 2% and is repayable on demand. The remaining balance is interest free amounts owed to fellow group undertakings and are repayable on demand.

### 11 Called up share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	-	-

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

### 12 Contingent liabilities

At 2 October 2021, the company had multilateral guarantees with the company's bank for fellow group undertakings in respect of overdrafts of £nil (2020: £nil) and bank loans of £nil (2020: £5,000,000).

### 13 Related party transactions

The Company has taken advantage of the exemptions granted by paragraph 8(j) and 8(k) of FRS 101, to not disclose transactions with group companies.

### 14 Controlling party

The immediate and ultimate parent company and controlling entity of the Company, and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Topps Tiles Plc, a company registered in England, whose registered office is located at Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

Copies of the Company financial statements of Topps Tiles Plc are available from Companies House, Crown Way, Cardiff, CF14 3UZ.