

REGISTERED NUMBER: 00675216 (England and Wales)

TIMPSON LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

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TIMPSON LIMITED

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FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

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TIMPSON LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

DIRECTORS:	Sir W J A Timpson CBE P Majithia
SECRETARY:	P Majithia
REGISTERED OFFICE:	Timpson House Claverton Road Wythenshawe Manchester M23 9TT
REGISTERED NUMBER:	00675216 (England and Wales)
ACCOUNTANT:	Forvis Mazars LLP Chartered Accountants and Statutory Auditor One St Peter's Square Manchester M2 3DE
SOLICITORS:	Gateley Plc 98 King Street Manchester M2 4WU

TIMPSON LIMITED

**STRATEGIC REPORT
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 September 2024.

The comparative period covers the 52 weeks ended 30 September 2023.

TIMPSON LIMITED

STRATEGIC REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

BUSINESS REVIEW

I am pleased to report another record year. Turnover was 3.5% up at £202m creating a profit before tax of £29.8m - 22.5% higher than last year. This has been achieved during a difficult period for retailers, when we continued to experience above inflation increases in payroll and energy costs.

Our success has been created by the culture of kindness that determines how we care for our colleagues plus the freedom that allow colleagues to provide an excellent level of customer service. That culture is measured by our 'Happy Index' which, yet again, showed that most colleagues have a high level of confidence in their manager and departmental team. Our customer care was highly rated by The Institute of Customer Service, who put us top of their customer satisfaction league, ahead of Nationwide, John Lewis and Waitrose.

The core Timpson business has opened a further 38 pods in supermarket car parks. This type of outlet, developed 14 years ago has proved to be a very popular way to shop, but it is becoming more difficult to find more sites to add to our portfolio. We benefit from the strong motorist based footfall, which helped us develop a substantial business for car keys. Key cutting continues to be the biggest Timpson service although we are closely monitoring the expected threat from digital technology. Watch Repairs has benefited by the addition of our Watch Lab brand, which has been extended to 51 branches. Shoe Repairs, which, up to the 1960s, provided over 90% of our sales has dwindled to less than 10%, showing the wisdom of developing other services during the last 50 years. Service retailing will always have its long term challenges.

Dry Cleaning, which suffered from a substantial drop in demand during Lockdown, has nearly returned to pre Covid levels. The resumption of parties, holidays and dining out, provides a renewed opportunity for customers to dirty their clothes. However, Dry Cleaning is still adversely affected by the number of customers who work from home. By contrast the demand for laundry is increasing. We are seeing a substantial increase in shirts and duvets with more people opting to outsource their weekly wash.

In July our chief executive, James Timpson, who has played a major part in our development, accepted an invitation to become the Minister of State for Prisons, Probation and Parole. As a consequence James, now Lord Timpson, has stepped down as a Timpson director, for the period of his time in government. His time in government will be a loss to the business. During his absence, Paresh Majithia will be Acting Managing Director and I will spend more time in the business.

James's appointment was prompted by his work over the last 20 years, pioneering our employment of ex-offenders, encouraging others to follow our example and supporting schemes for rehabilitation as Chair of the Prison Reform Trust. We are proud of the success achieved by the 12% of our workforce who have had prison experience, which is testament to the personal and practical support our colleagues give those recruits who come to us with a criminal record. In the year we spent an extra £702k to help ex-offenders who joined our business which is something we plan to continue for the foreseeable future.

The support we give to prisons and ex-offenders was marked by the presentation of The King's Award for Enterprise in recognition of our work in promoting opportunity through social responsibility.

In February, James published his book 'The Happy Index' which helped to further strengthen our Company Culture with both colleagues and customers. We now have 17 lodges providing free stay holidays for colleagues and their families and spent over £476k making individual colleagues' dreams come true. Our colleagues are encouraged to perform regular random acts of kindness, which often result in customers getting a job for free - a great way to promote the business.

Those free jobs often prompt a charity box donation to The Alex Timpson Trust. Last year we collected £308k, which helped to support a number of child related charities and funded a free holiday for 135 foster families.

Our business has been built around the people we employ - we rely on a team of colleagues with engaging personalities, who bring both keenness and kindness to our company. Thanks to them we have produced another record year. This will be difficult to match in the face of big increases in the minimum wage and a swinging increase in our contribution to national insurance.

TIMPSON LIMITED

STRATEGIC REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

PRINCIPAL RISKS AND UNCERTAINTIES

Our business is subject to risks and uncertainties and explained below are the risks that we see as most relevant to our business and performance at this time.

Safety and wellbeing of our colleagues

The safety, physical wellbeing and mental wellbeing of our colleagues in the workplace and any colleagues working from home continues to be of paramount importance. We offer mental health counselling which is available freely to all of our colleagues should they request it and hardship loans for any colleagues in financial difficulty.

Climate change

Climate change can impact our business in many ways such as localised flooding, overseas supply chain issues, increased packaging prices and the risk of non-compliance with changing climate laws and regulations. It is important that we continue to monitor these changes and act ahead of them where possible.

Energy costs

The rising cost of energy is an area that has impacted us and will continue to do so. Whilst we cannot do anything about the cost per unit we can do our best to reduce our consumption in our branches, by turning off any machinery where practical, and at our warehouses, offices, hubs and excellence centres, by turning off lights when not needed and replacing bulbs with LEDs.

Supply chain

Our business relies on purchasing raw materials and goods for re-sale some of which are UK based and others are overseas.

We continue to carefully monitor our stock levels and consumer trends to make sure that we are not exposed in this area and that we can continue to meet our customer demands.

Foreign currency

A decrease in the value of the British pound has a direct impact on the cost of stock. However, we do not hedge our currency risk due to the impact of historical exchange rate gains and losses having low materiality. This position is under constant review.

Economic uncertainty

An uncertain UK economy and significant inflation results in weak consumer confidence and an increased cost base. We are fortunate to have a strong balance sheet with substantial liquidity and we continue to make progress in cost efficiencies. The necessary nature of some of the services we provide helps us to combat some of the impacts of an uncertain economy.

Legal and regulatory

We are subject to regulations in areas such as trademarks, health and safety, data privacy, corporate governance, the environment, human rights, emissions reporting, employment laws and taxes. Failure to comply with these laws and regulations could expose us to fines or criminal proceedings against us. To this extent, we regularly review and monitor our practices to ensure that we are aware of and remain in line with all relevant laws and legal obligations.

Consumer habits

Our shoe repair business continued to be impacted due to changes in fashion trends and the hybrid model for office and home working. To mitigate some of this impact we offer various deals with the aim of increasing turnover. We strive to build our company through various channels and offer a number of different services in our branches to mitigate the effect of a decline in any particular area. We are not afraid to diversify into new areas or business streams if we can see the opportunity there and it fits with our ethos of providing quality service and care.

IT function

Given the change in ways of working there is an increased reliance on our systems so it is vital that we keep our IT infrastructure operating effectively and with the ability to resolve issues remotely.

TIMPSON LIMITED

STRATEGIC REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Cyber risk

Businesses continue to be subject to continuously evolving methods of cyber-attack. The group is investing significantly in its business continuity technology and defences against cyber crime. This investment includes creation of back up datacentres and increased in house resources to dedicate to IT security products. The company increasingly relies on its IT network for effective communication between our branches and support centres. Any disruption to this system would directly impact the company's ability to trade.

Technology risk

The company is committed to ensuring that any use of Artificial Intelligence is managed in accordance with legislative, regulatory, industry and business requirements. Controls are in place to minimise the risk associated with its use.

ENVIRONMENT

We recognise climate change as the biggest environmental threat the world faces and believe that our operations help to reduce the impact. We strive not just to minimise the impact of our own activities but to have a positive one where possible. More information can be found in the Streamlined Energy and Carbon Report within the Directors' Report.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company's policy is to settle terms of payment with suppliers when agreeing each transaction and we abide by their terms of payment.

Our suppliers, who we refer to as our partners are very important to us and we strive to ensure that any problems that may arise are managed appropriately and in a timely manner.

HEALTH & SAFETY

The directors prioritise health and safety as part of our ethos of looking after our colleagues and customers. The use of equipment in our retail chain, warehouses, excellence centres, dry cleaning hubs and locksmiths requires continuous training and the strict adoption of health and safety standards.

COLLEAGUE CONSULTATION

Colleagues are consulted regularly on a wide range of matters affecting their current and future interests. Colleagues are also made aware of any financial and economic factors affecting the performance of the company.

The company values the involvement of its colleagues and keeping them informed about the company and issues affecting them. This is achieved through formal and informal meetings, a weekly newsletter and video message and regular visits by the Chairman.

PENSION SCHEME

In the previous year, the Timpson Group Pension Scheme completed a Buy In of its pension liabilities to the Just Group. The trustees have embarked on a plan to complete a Buy Out and then wind down the scheme which is anticipated to complete in the new year.

COLLEAGUES

During the period under review the company employed an average of 2,673 colleagues (2023: 2,655). The success of our business is dependent on the performance of our colleagues.

The retention of skilled colleagues is vital for our success. Our skills assessment programme and recruitment process ensures we are always in a strong position to offer great service by great colleagues.

The company paid £476,000 (2023: £547,000) to make some of our superstar colleagues Dreams Come True by providing once in a lifetime opportunities for them and their families, and a further £337,000 (2023: £345,000) on our amazing colleagues in recognition for going above and beyond. It is important to us to recognise the work our colleagues do and for their ongoing commitment to making our business what it is today.

The company has also spent £728,000 (2023: £654,000) on colleague benefits and our holiday homes giving colleagues the chance to apply for a free week in one of our 17 holiday homes spread across the country including 1 in Europe.

The company considers the money it spends on looking after colleagues as fundamental to our success.

TIMPSON LIMITED

STRATEGIC REPORT

FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

COLLEAGUE DIVERSITY

We have a Director of Diversity and Inclusion which underpins our commitment to ensuring that we continue to foster an inclusive work environment and overcome challenges. We understand our responsibility towards discussions around equality, diversity and inclusion and encourage colleagues to speak out where they feel individuals or parts of the business are not involved in the conversation.

DISABLED COLLEAGUES

Applications for employment by disabled persons are fully considered, bearing in mind the aptitude and ability of the applicant. If members of staff become disabled every effort is made to ensure their employment continues. The career development and promotion of disabled persons, is, as far as possible, identical with other colleagues.

COLLEAGUE REMUNERATION POLICY

The company pays above the National Living Wage. Further higher rates of pay are earned (as a minimum) by all colleagues who go on to successfully pass their 3 month training period.

KEY PERFORMANCE INDICATORS

Management monitor the following key performance indicators:

	2024	2023
Sales	£202m	£195m
Gross margin	46%	47%
Operating margin	13%	10%

CHARITABLE DONATIONS AND OTHER GOOD CAUSES

During the period, £702,000 (2023: £758,000) was spent on the Timpson Foundation and academies to support marginalised groups who face barriers to employment back into paid work. This includes numerous ex-offenders who have benefitted from the ROTL scheme (Released on Temporary Licence) allowing them to work whilst on day release from custody, individuals whom have graduated from one of our training academies who we have offered employment to upon their release and many individuals who have come to us from a referral by one of our many partners.

In addition to offering people a second chance through employment, we have continued to support many other organisations who have values aligned with ours to set up the process and enable them to recruit from this cohort. This support comes by way of meeting with senior management teams, visiting our training academies and introducing them to our existing colleagues. The Timpson Foundation leads the way in ex-offender employment and continues to make positive changes to people's lives.

Our customers gave generously to the Alex Timpson Trust who support and provide free holidays to Looked After Children and their families, by putting any loose change into our in-branch collection tins or donating when we do a job for free. During the period, the company was able to pass on £308,000 (2023: £291,000) to the Alex Timpson Trust from such collections.

The company also donated £62,000 (2023: £72,000) for charitable purposes. This includes a selection of charities which we donate to each Christmas. We encourage our colleagues to support local charities, schools or volunteer groups by contributing up to £250 on a pound for pound basis to colleagues who have done something to raise money and get involved in their community.

	2024 £'000	2023 £'000
Timpson Foundation	702	758
Free jobs for customers	308	291
Alex Timpson Trust	-	90
Charitable donations	62	72
	<u>1,072</u>	<u>1,211</u>

Overall, the company has paid out £1,072,000 (2023: £1,211,000) on charitable contributions and other good causes representing 4% (2023: 6%) of our operating profit.

The company considers the money it spends on charitable contributions, other good causes and looking after our colleagues as fundamental to our success.

TIMPSON LIMITED

STRATEGIC REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

SECTION 172(1) STATEMENT

The board of directors of Timpson Limited consider that both individually and together for the year ended 28 September 2024 they have acted in the way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole and having regard to the matters set out in s172 (1)(a-f) as below:

- a) The likely consequences of any decision in the long term;
- b) The interests of the company's colleagues;
- c) The need to foster the company's business relationships with suppliers, customers and others;
- d) The impact of the company's operations on the community and the environment;
- e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly between members of the company.

The directors make decisions by taking their legal duty into account and also the priorities and requirements of the stakeholders.

- a) The likely consequences of any decision in the long term

The directors have regard to the likely consequences of their decisions on the long term objectives and sustainability of the company, its stakeholders and the community whilst also preserving its values and culture.

With this in mind, when a dividend is proposed it is important to confirm the availability of distributable reserves whilst also considering cash requirements for future capital investment and without prejudicing the position of other creditors.

We assess the profitability of each of our branches on an individual basis and will make the decision to close one if the costs outweigh the takings. This decision would be made on a long term view and closing one branch will have an overall positive impact on group profitability. Every effort will be made to relocate our valued colleagues to nearby branches.

Investment in skills and training is an area where initial costs are more than outweighed by long term benefits. We will strive to train our colleagues to the highest standard possible as they are our greatest investment.

We are a business built on our standards and reputation and would not take a decision which would have a detrimental impact on this whether in the short term or the long term. We are dedicated to ensuring we maintain our culture whilst achieving our purpose.

- b) The interests of the company's colleagues

Our colleagues are the face of our business, so it is crucial they embody a 'Superstar' mentality: a positive attitude, a drive for innovation, and a commitment to excellence. Of even greater importance is the support provided to those colleagues by their Area Team. We encourage open and honest feedback from colleagues about the support they receive from their Area Team and our annual 'Happy Index' reflects this, with 80.1% of colleagues responding and over 60.9% of them returning a score of 10/10 (and nearly 91.7% returning a score of 7/10 or above). The board receives reports on the results of these surveys together with action plans that management intend to take forward.

The directors make an effort to visit each branch to talk to the colleagues which gives them the opportunity to hear their ideas and see first hand where any improvements can be made. To this extent, we also encourage all of our office-based colleagues to work a day in a branch at least once a year alongside our branch colleagues. In addition to this, all of our office based colleagues have selected a 'buddy branch' who they keep in regular contact with and also work with for 1 day each year.

It is important that our Area Managers know the colleagues in their team on both a professional and a personal level. Our colleagues therefore know that they have the support network there to help them if they need it.

Our Area Managers also have strong relationships with each other which enables them to share ideas and experiences to the benefit of the whole group.

Open lines of communication are vital to our success with regular Town Hall meetings being held at Timpson House and weekly 16 page printed newsletters being sent to all of our branches and colleagues. John Timpson, Chairman, sends a weekly video message providing all colleagues with updates which is very well received by our colleagues. Maintaining high standards and having absolute trust in our colleagues are the key attributes which have done, and continue to drive our success.

TIMPSON LIMITED

STRATEGIC REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

SECTION 172(1) STATEMENT (continued)

There is a strong relationship between the trustees of the pension scheme and the Board with regular communications being sent to colleagues (both retired and working).

c) The need to foster the company's business relationships with suppliers, customers and others.

Without a doubt, loyal customers are our greatest asset who provide our best and cheapest form of advertising. The colleagues in our branches have the freedom to do anything they like to amaze our customers and keep them coming back. Our colleagues give great service which can be tailored to each customer and they have the right to offer deals and resolve complaints in branch. Spending time talking to and listening to a customer makes them feel important which is key to our success. Mystery shoppers also visit our branches to provide a report on our colleagues' service levels and there is the opportunity for all customers to complete an online feedback form if they wish.

We carry out our business with similar-minded people who we like and build on this to forge strong and lasting partnerships which is important for our long-term success. Every 2 - 3 years we hold a 'Partners Lunch' which is attended by the suppliers to update them on our performance and plans for the future.

d) The impact of the company's operations on the community and the environment.

We are proud to be part of the local and wider communities. It is our aim to create opportunities to recruit and develop local people and to understand the local issues that are important to the community and what we can do to support it. Over the past few years we have seen a move from High Street shopping towards a one-stop out of town supermarket shop which led to us having discussions with major supermarkets to open new units either inside their supermarket or just outside the main door in a Pod. This has enabled customers to get even more of their shopping requirements done in one place.

We offer free dry cleaning to students going to their proms and to unemployed people going to job interviews and it means a lot that we can help create amazing life experiences at little cost or effort.

We aim to be Net Zero by 2040 and are putting measures in place to enable this to happen. More information can be found in the Streamlined Energy and Carbon Report on page 14.

Doing as much as we can to tackle climate change and protect the environment is rapidly becoming one of our top priorities. We comply with climate and environmental laws and regulations.

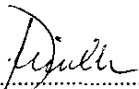
e) The desirability of the company maintaining a reputation for high standards of business conduct.

All new colleagues get a New Starter Pack which documents our history, standards, equal opportunities and training programme (among other things). All colleagues have easy access to our Operating Procedures and Codes of Conduct and understand the requirement for them to comply with the group's high standards of business conduct at all times. We also include our Whistleblowing policy and procedures ensuring that any issues of non-compliance with any of our policies and legal obligations can be reported and dealt with in confidence.

f) The need to act fairly between members of the company.

The company aims to act with integrity and courtesy in all of its business relationships and will consider all members and stakeholders when making decisions for the overall good of the company.

APPROVED ON BEHALF OF THE BOARD:


.....
P Majithia - Director

Date: 28 February 2025

TIMPSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 September 2024.

As permitted by s414C(11) of the Companies Act 2006, details of environmental matters, colleague consultation and disabled colleagues are included in the strategic report.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of key cutting, watch and jewellery repairs, shoe repairing, photographic services and dry cleaning through multiple outlets in the United Kingdom.

DIVIDENDS

An interim dividend of £10,294,000 was paid during the period (2023: £10,214,000). The directors recommend that no final dividends be paid on these shares.

RESEARCH AND DEVELOPMENT

We are constantly looking for ways to develop the business, introduce new innovations and improve existing processes where efficiencies can be increased and costs reduced. This research and development enables us to develop new products and services to meet our customers needs.

FUTURE DEVELOPMENTS

Our continued optimism, despite economic uncertainty, is shown by our continued high level of investment in new shops and store refits. Our presence in out of town supermarket sites has played, and will continue to play, an important part in our future.

We continue looking for new ways to grow. Watch repairs, now our second largest revenue stream, can still get much bigger. Dry cleaning is our fastest growing service and we are realising the potential of clothing repairs and alterations. We firmly believe that there are more opportunities to open In Store and Pods in supermarket car parks.

We will continue to invest in our colleagues and our culture despite the National Insurance and National Living Wage increases from April 2025 which will increase our costs significantly.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2023 to the date of this report.

Sir W J A Timpson CBE

P Majithia

Other changes in directors holding office are as follows:

W J Timpson OBE - resigned 5 July 2024

FINANCIAL RISK MANAGEMENT

The company cash balance has increased by £3.7m in the year which is after investing £4.8m in capex for which we will reap the rewards in future years.

We are still in a very strong position as we enter the new financial year with the necessary level of cash to meet our trading requirements and to continue to invest in capex and grow the business.

The company carries out any foreign currency transactions at spot rate and we consider the risk of exposure to be minimal given the value of payments being made.

Cashflow requirements are constantly monitored and we strive to ensure that there are sufficient resources available to allow us to continue to run the business as we see fit. We therefore continue to plan to open new stores and roll out our refit programme and therefore consider the risk of being unable to cover short term financial demands to be nil.

TIMPSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 on these financial statements.

Cashflow forecasts are prepared and reviewed regularly and the directors agree that the company will be able to meet its day to day working capital requirements for at least the next twelve months from the date of approval of these financial statements.

TAX POLICY

The company is accredited by the Fair Tax Mark for transparency over tax disclosures and the amount it pays. It is committed to the following:

- * to act with integrity and transparency in all tax matters.
- * to take a responsible approach to tax planning.
- * to collect from third parties and pay our fair share of taxes on time.
- * to protect our reputation as a responsible UK tax payer.
- * to comply with all applicable rules, regulations and disclosure requirements.
- * to maintain an open and co-operative relationship with the tax authorities.
- * to maintain appropriate systems, processes and controls to ensure the correct calculation and recording of tax liabilities and receivables.
- * to have a zero-tolerance approach to tax evasion and the facilitation of tax evasion.
- * to aim to pay tax on profits according to where the economic value and substance is created within the normal course of commercial activity.
- * to ensure arms length principles are applied to all intercompany transactions.

These financial statements are prepared in accordance with this policy.

MODERN SLAVERY

This statement has been prepared in accordance with section 54 of the Modern Slavery Act 2015.

Timpson Limited prohibits slavery, forced labour and human trafficking of any kind in relation to our business and our supply chains, whether within the UK or overseas. We support the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our group business and supply chains and take steps to ensure that slavery, forced labour and human trafficking does not take place within our business operations.

Timpson Limited is the UK's leading service retailer, employing over 2,500 colleagues with over 1,300 shops all over the UK. Our business is still wholly family owned and operated by Sir John Timpson CBE as our Chairman and Paresh Majithia as our Finance Director and Acting Managing Director.

Our colleagues are the heart and soul of our company and everyone is considered to be part of the Timpson family. We care for all of our colleagues and go to great lengths to ensure that each and every one of them is treated with kindness and respect. We are an equal opportunities employer with a very straight forward recruitment policy - we only recruit people with great personalities.

The products we sell are sourced from a broad range of national and international suppliers. Most of the goods that we source from overseas come from China.

We are committed to our corporate social responsibilities at a local, national and international level. Therefore we take a great deal of care when selecting our business partners and suppliers.

All of our suppliers must sign our supplier terms and conditions which stipulate that they must adhere to the legislation within the Modern Slavery Act 2015.

Our buying team are fully aware of their responsibility to only procure products and/or services from suppliers that we would be proud to do business with and that meet or exceed our own standard for workplace practices. We personally visit a number of our suppliers on an annual basis and recently we commenced a programme of random ethical audits via a recognised third party provider, and our payroll team regularly check colleague details to identify potential victims of modern slavery.

TIMPSON LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

MODERN SLAVERY (continued)

Following best practice we have also engaged external support to train our senior management on identifying specific areas of risk within our supply chain and specific colleague vulnerabilities.

If at any point and for any reason we suspect a supplier is failing to comply with our supplier terms and conditions or is in any way involved in trafficking, slavery or any other workplace practices not fitting with the culture of our business, we reserve the right to suspend or terminate our working relationship without notice.

We are committed to continuing to improve workplace practices and mitigating the risk of modern slavery within our business and our supply chain.

TIMPSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

For this financial year the company has been fully compliant with the provisions set out in the December 2018 Wates Corporate Governance Principles for Large Private Companies issued by the Financial Reporting Council. These Principles are to provide a framework for ensuring the company is well managed and aligned behind a clear purpose.

Purpose and Leadership

Purpose

The company is a wholly owned subsidiary of Timpson Holdings Limited.

The Board ensures that the company operates with a clear sense of purpose and is responsible for preserving the long-term sustainability of the company whilst generating value for the shareholders.

Leadership

Being an honest and open company encourages communication and provides a clear sense of purpose for both colleagues and stakeholders.

Strategy

The strategy and business model agreed at Board meetings is effectively communicated across the whole company via various network channels. This ensures that the message can be delivered to all of our colleagues on a personal level and opens up the chance for dialogue and questions. It is important that all of our colleagues understand the course the business is taking and why decisions have been made if they are to be able to work together to promote the strategy and preserve the long-term sustainable success.

Values and Culture

Our culture is very important to us and we believe that embedding the company's values, attitudes and beliefs has helped our company become what it is today.

The business is run using Upside Down Management which puts our colleagues who serve the customers in our branches as *the most important people in our business*. They have been given the freedom to serve customers the way they know best and underpins the levels of trust we place in them.

Our business is run very much on the principle of kindness over profit which has served us well in the past and continues to do so. If we can make a customer smile; then we will.

Further information on Culture can be found in the s172(b) report on page 7.

Board Composition

The company is managed by an effective Board who bring a wide range of skills, knowledge and experience which enables to each member to contribute towards a constructive and open discussion.

The Chairman, Sir John Timpson, ensures that important matters get addressed and decisions are reached which will benefit the long-term profitability of the company.

Diversity and structure

As at 28 September 2024, the board comprised 2 executive directors who have been selected to provide a balance of skills, knowledge and experience in order to support delivery of the company strategy. The appointments have been made on the understanding that each individual member has sufficient capacity to make a valuable contribution.

Effectiveness

The effectiveness of the decisions made by the board can be monitored using the results and performance of the company, the financial position and whether the cultural values are still being upheld by the colleagues.

Director responsibilities

Board meetings

The Board held six meetings during the year. Regular items on the agenda include financial position, progress against set objectives, capital expenditure, health & safety, strategic direction and compliance. Regular informal meetings and information circulations also take place between the Chairman and the board members outside of the board meetings to ensure they are kept up to date with any material developments.

TIMPSON LIMITED

DIRECTORS' REPORT

FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

Accountability

The board ensures that everybody is aware of the lines of accountability and their responsibility towards supporting effective decision making by leading by example and setting clear, accessible, simple policies.

Integrity of information

The board approves all formal and informal internal processes to ensure that all information presented is accurate, complete and in line with expectations which enables the board to make informed decisions in a timely manner. This information includes, but is not limited to, monthly management and branch accounts, daily cash emails, colleague data and sales comparisons. The Board papers are issued ahead of the board meetings to give the members time to read them, process them and know what is expected of them.

Opportunity and Risk

Opportunity

To create and preserve long term value the Board is always considering new opportunities that would work well with our existing model and fit with our culture.

To this end we are growing our vending business and we are planning on opening more pods in supermarket car parks as this has proven to be a very successful model for us.

Risk

The Board considers the risk of cyber threat to be high given consumer's recent reliance on technology and the shift towards online activity brought about by COVID-19. Cyber crime can happen easily and quickly with massive detrimental impact on cash and the ability to trade. To combat this risk the business is investing heavily in back up data centres and in-house resources to implement IT security products. Our colleagues are encouraged to be vigilant and remain aware to minimise the risk of exposure.

Stakeholder Relationships and Engagement

External impacts

As a large company we have a responsibility to create and sustain long-term value for our shareholders whilst also monitoring any social, economic and environmental impacts. Our carbon footprint is covered in more detail in the SECR on page 14.

Stakeholders

The Board takes the views of all of its stakeholders into account when making decisions. The opinions of customers, suppliers, colleagues, the wider community and the impacts on the environment are important when determining the strategic direction of the company.

TIMPSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

STREAMLINED ENERGY AND CARBON REPORTING

Under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 we are obliged to report our annual energy use, greenhouse gas emissions and related information for the financial year ended 28 September 2024, along with our future plans for energy efficiency. The aim of the report is to further incentivise energy efficiency with the aim of reducing carbon emissions to meet climate change targets.

UK Greenhouse gas emissions and energy use data for the year ended 28 September 2024

This report calculates the carbon produced from various energy consumption using standard conversion rates obtained from the UK Government (GHG Conversion Factors for Company Reporting 2020). The overall aim of this report is to help us to improve efficiency and reduce our carbon footprint. To achieve this we will monitor electricity, gas and diesel consumption and calculate the resultant carbon produced. These figures have also been converted into an intensity ratio which enables us to track our progress.

	Year ended September 2024	Year ended September 2023
Energy consumption used to calculate emissions (kWh):		
Electricity	7,366,117	6,726,750
Gas	605,600	832,964
Transport	4,815,136	4,964,721
Direct (Scope 1) emissions from activities for which the company is responsible (tonnes CO ₂ e)	1,339	1,422
Indirect (Scope 2) emissions from purchase for own use (tonnes CO ₂ e)	1,525	1,393
Total gross emissions	2,864	2,815
Intensity ratio: kg CO ₂ e per £100 of revenue	1.42	1.44

The intensity ratio is considered most relevant to the group's energy consuming activities and provides a good comparison of performance over time. Our intensity ratio is showing a reduction of 1.4% (2023: 16% reduction) during the year.

During the year our total CO₂ emissions increased by 2% (2023: 11% decrease) which is a combination of a decrease in Scope 1 emissions of 6% (2023: 10% decrease) and an increase in our Scope 2 emissions of 9% (2023: 11% decrease).

As our CO₂ emissions and energy consumption are directly linked to revenue we expected to see an increase in these during the year. However, a 1.4% reduction in our intensity ratio is a positive result and shows we are well on the way to reducing our carbon footprint.

We have put decarbonisation at the core of our business decision making.

Previous actions

The company is a supporter of the British Retail Consortium Climate Action Roadmap which aims for Net Zero Carbon emissions by 2040.

We are a signatory of the BRC commitment to net zero by 2040. The company uses independent third-party carbon reporting science-based-target principles.

By providing the services we do we have actively reduced our carbon by helping customers and colleagues live low carbon lifestyles. Our cleaning and repair services are beneficial for both the wider environment through savings in resource use and reduction in waste from manufacture, and the local economy as money is spent in the community on repairs.

All of our high street sites and dry cleaning hubs have been fitted with LED lighting to further reduce our Scope 1 emissions and this will continue for all future refits.

We have engaged with our shops and Area Teams to reduce energy via a Best Practice presentation. This has enabled the area teams to identify high usage branches and educate colleagues on the ways to save energy.

TIMPSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

STREAMLINED ENERGY AND CARBON REPORTING (continued)

Progress in this year

Approximately 81% of our vehicle fleet is electric with the potential for others to become electric next year when existing leases expire. The plan is for all fleet drivers to drive an electric vehicle unless there are mitigating circumstances and where the charging infrastructure permits. Due to the heavy weight carried in our locksmiths vans, it is not yet feasible to roll out our van fleet to become electric.

Our branches offering a Repairs and Alterations service and our receiver stores are seeing an increase in the volume of goods being brought in to be given a new lease of life.

Our buying department are focused on sourcing alternatives to single use plastic, where possible, by changing the packaging to more sustainable and environmentally friendly paper or card. Our shoe care range for insoles and laces has introduced cardboard packaging which has been well received by our customers.

Future plans

We are fully compliant with The Extended Producer Responsibility for Packaging (EPR) legislation that will be implemented in 2025. This will require the Group to gather packaging information and throughput more rigorously than before, to this extent we are already engaged with our third party compliance provider for support. This will give us a much greater understanding of the specific components in our packaging and how successfully the different components can be recycled with the aim to improving the recyclability of the packaging we use and create opportunities to reduce it.

We are updating and renewing our Carbon Footprint report that was last carried out 3 years ago which will highlight areas that we can concentrate on to make future changes.

A deal has been agreed for all of our branches to have smart meters installed to monitor energy use and identify energy hotspots. This will give us a new tool to help our branches control their energy usage.

There are no director indemnities in the current year (2023: none)

APPROVED ON BEHALF OF THE BOARD:



.....
P Majithia - Director

Date: 28 February 2025

TIMPSON LIMITED

INCOME STATEMENT

FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

		Period		Year Ended	
		1.10.23 to 28.9.24		30.9.23	
	Notes	£'000	£'000	£'000	£'000
TURNOVER	3		201,995		195,203
Cost of sales			109,207		103,752
			<u> </u>		<u> </u>
GROSS PROFIT			92,788		91,451
Distribution costs		564		534	
Administrative expenses		70,724		70,744	
		<u> </u>	71,288	<u> </u>	71,278
			21,500		20,173
Other operating income	4		4,564		-
			<u> </u>		<u> </u>
OPERATING PROFIT			26,064		20,173
Income from shares in group undertakings		-		280	
Interest receivable and similar income	7	3,722		4,029	
Interest payable and similar expenses	8	(9)		(172)	
		<u> </u>	3,713	<u> </u>	4,137
PROFIT BEFORE TAXATION	9		29,777		24,310
Tax on profit	11		7,337		6,014
			<u> </u>		<u> </u>
PROFIT FOR THE FINANCIAL PERIOD			<u>22,440</u>		<u>18,296</u>

The notes form part of these financial statements

TIMPSON LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Notes		
PROFIT FOR THE PERIOD	22,440	18,296
OTHER COMPREHENSIVE INCOME/(LOSS)		
Actuarial gain / (loss)	3,325	(26,144)
Tax relating to actuarial gain / (loss)	(831)	6,536
Income tax relating to components of other comprehensive income/(loss)	-	-
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	2,494	(19,608)
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>24,934</u>	<u>(1,312)</u>

The notes form part of these financial statements

TIMPSON LIMITED (REGISTERED NUMBER: 00675216)

**BALANCE SHEET
28 SEPTEMBER 2024**

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	13		259		117
Tangible assets	14		26,491		27,681
Investments	15		-		-
Investment property	16		303		303
			<u>27,053</u>		<u>28,101</u>
CURRENT ASSETS					
Stocks	17	12,427		12,687	
Debtors: amounts falling due within one year	18	59,638		50,103	
Debtors: amounts falling due after more than one year	18	4,084		4,093	
Cash at bank and in hand		22,221		18,548	
		<u>98,370</u>		<u>85,431</u>	
CREDITORS					
Amounts falling due within one year	19	52,527		51,037	
NET CURRENT ASSETS			<u>45,843</u>		<u>34,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			72,896		62,495
CREDITORS					
Amounts falling due after more than one year	20		(2,503)		-
PROVISIONS FOR LIABILITIES	22		(1,202)		(2,092)
PENSION ASSET	25		52,642		46,790
NET ASSETS			<u>121,833</u>		<u>107,193</u>

The notes form part of these financial statements

TIMPSON LIMITED (REGISTERED NUMBER: 00675216)

BALANCE SHEET - continued
28 SEPTEMBER 2024

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
CAPITAL AND RESERVES					
Called up share capital	23		2,253		2,253
Share premium	24		35,677		35,677
Other reserves	24		35,314		32,820
Retained earnings	24		48,589		36,443
SHAREHOLDERS' FUNDS			121,833		107,193

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the period ended 28 September 2024.

The members have not required the company to obtain an audit of its financial statements for the period ended 28 September 2024 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2025 and were signed on its behalf by:


.....
P Majithia - Director

The notes form part of these financial statements

TIMPSON LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 October 2022	2,253	28,361	35,677	52,428	118,719
Changes in equity					
Dividends	-	(10,214)	-	-	(10,214)
Total comprehensive loss	-	18,296	-	(19,608)	(1,312)
Balance at 30 September 2023	<u>2,253</u>	<u>36,443</u>	<u>35,677</u>	<u>32,820</u>	<u>107,193</u>
Changes in equity					
Dividends	-	(10,294)	-	-	(10,294)
Total comprehensive income	-	22,440	-	2,494	24,934
Balance at 28 September 2024	<u>2,253</u>	<u>48,589</u>	<u>35,677</u>	<u>35,314</u>	<u>121,833</u>

The notes form part of these financial statements

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

1. STATUTORY INFORMATION

Timpson Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006.

The date of these financial statements is 28 September 2024. The trading cut off date was Saturday, 28 September 2024 and these financial statements have been prepared to that date.

No consolidated financial statements have been prepared as the company itself is a wholly owned subsidiary of Timpson Holdings Limited, a company incorporated in England and Wales. Timpson Holdings Limited produces consolidated financial statements including the results of Timpson Limited. These financial statements present information about Timpson Limited itself and not about its group.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements to prepare a Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures;
- the requirements of Section 12 Other Financial Instruments.

Significant judgements and estimates

In preparing these financial statements, the directors have had to make the following judgements and estimates:

Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the directors consider both external and internal sources of information such as market conditions, counterpart credit ratings and experience of recoverability.

Goodwill and intangible assets

The group establishes a reliable estimate of the useful life of goodwill and other intangible assets. This estimate is based on a variety of factors such as the expected useful life of the cash generating units to which the asset is attributed.

Valuation of stock

Stock is reviewed annually to assess whether any items are impaired because of damage or obsolescence. An impairment loss is recognised as the difference between initial cost and the recoverable amount.

Defined benefit pension scheme

The company has obligations to pay pension benefits to certain colleagues. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, assets valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 25.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

2. ACCOUNTING POLICIES - continued

Closed shop provisions

Provisions are made for any branches that we close part way through our lease. Calculations are made to provide for the rent and rates liability up to the end of the lease term and we assume that we will be liable for the lease until the expiry date, or the break date if it is in the lease. See note 22.

Dilapidations provision

The company provides for property dilapidations, where appropriate, based on the future expected repair costs required to restore the leased buildings to their fair condition at the end of their respective lease terms, where it is considered a reliable estimate can be made. See note 22.

Revenue

All revenue is recognised after the deduction for value added tax, returns and customer allowances, where applicable.

Core retail revenue

Revenue from the sale of goods and the provision of services is recognised when the company has transferred the significant risks and rewards to the buyer and it is probable that the company will receive previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer.

Third party rental income

Third party tenants are invoiced monthly or quarterly depending on their specific lease agreements. Revenue is accrued monthly and recognised on that basis.

Goodwill

Purchased goodwill (representing the excess fair value of the consideration given over the fair value of the separable net assets acquired) and goodwill arising on consolidation in respect of acquisitions is capitalised.

Goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is between five and ten years. Provision is made for any impairment.

Impairment reviews are undertaken annually to assess the value in use of the assets, their profitability and the ability to generate future revenues. If any indicator of impairment is identified then the intangible assets will be impaired in that period.

Intangible fixed assets and amortisation

Amortisation is provided on a straight line basis on intangible assets to write them off over their estimated useful lives and is all reflected in Administrative expenses in the Income Statement.

The periods applicable are:

Patents and licences	- ten years
Computer software	- three years

Expenditure on internally developed products is recognised as an intangible asset, provided it meets the following recognition requirements:

- * it is technically feasible to develop the product for it to be sold;
- * adequate resources are available to complete the development;
- * there is an intention to complete and sell the product;
- * expenditure on the project can be measured reliably.

Development costs not satisfying the above criteria for capitalisation, and expenditure on the research phase of internal projects, are recognised in the Income Statement as incurred.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 50 years
Short leasehold	- Life of lease
Plant and machinery	- Straight line over 3 - 20 years
Fixtures and fittings	- Straight line over 7 - 15 years

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any impairment losses.

No depreciation is charged on capital work in progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed asset and depreciated accordingly.

Depreciation is not charged on freehold land.

For presentation purposes fixtures and fittings also includes shop fronts which are depreciated over 10 years and supermarket pods which are depreciated over 15 years. Plant and machinery includes motor vehicles which are depreciated over 3 years, computer equipment which is depreciated over 5 years and an aeroplane which is depreciated over 20 years.

Investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period.

Investment Property

Properties are valued at the directors' best estimate of market value considering the market conditions and external valuers are utilised as and when required. Changes in fair value are recognised in the income statement.

Depreciation is not provided in respect of freehold investment properties.

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Net realisable value is based on estimated selling price, less further costs expected to be incurred on completion or disposal.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

2. ACCOUNTING POLICIES - continued

Foreign currency translation

Items included in the financial statements are presented in sterling which is the functional and presentational currency.

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term, even if the payments are not made on such a basis.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

Pensions

The cost of defined benefit pension schemes are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest costs are shown as other finance costs adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

2. ACCOUNTING POLICIES - continued

Pensions (continued)

The company also operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate. At the balance sheet date there were no outstanding contributions due to the scheme (2023: nil).

Trade receivables

A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Any subsequent recoveries of amounts previously written off are credited against Administrative costs in the Income Statement.

Cash and cash equivalent

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. Where bank accounts have a right of set off the net position is shown as either a bank overdraft or a cash balance as appropriate.

Financial liabilities

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

3. TURNOVER

The whole of the turnover is attributable to the sale of shoe repairs, key-cutting, watch repairing, dry cleaning, engraving and photographic services through multiple outlets in the United Kingdom to third parties after deductions for value added tax, returns and customer allowances.

The directors consider there to be one class of business, being that of retail services.

4. OTHER OPERATING INCOME

Other operating income of £4,563,000 (2023: £nil) relates to the non-recurring release of historic occupancy related accruals.

5. EMPLOYEES AND DIRECTORS

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Wages and salaries	88,638	83,755
Social security costs	8,425	7,867
Other pension costs	2,018	1,995
	<u>99,081</u>	<u>93,617</u>

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

	Period 1.10.23 to 28.9.24	Year Ended 30.9.23
Sales	2,501	2,484
Distribution	25	25
Administration	147	146
	<u>2,673</u>	<u>2,655</u>

The above figures include 3 directors (2023: 3).
Of the colleagues above 79 are part-time (2023: 57).

6. DIRECTORS' REMUNERATION

	Period 01.10.23 to 28.09.24 £'000	Period 02.10.22 to 30.09.23 £'000
Remuneration	5,298	3,894
Retirement benefits	-	-
	<u>5,298</u>	<u>3,894</u>

The highest paid director received remuneration of £2,922,000 (2023: £2,981,000).
No directors are accruing retirement benefits under a defined benefit scheme (2023: same).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Deposit account interest	1,195	488
Pension interest (see note 23)	2,527	3,541
	<u>3,722</u>	<u>4,029</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Bank interest	9	7
Foreign exchange losses	-	165
	<u>9</u>	<u>172</u>

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

9. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Hire of plant and machinery	1,639	1,299
Other operating leases	22,338	21,875
Depreciation - owned assets	5,873	6,051
(Profit)/loss on disposal of fixed assets	(47)	100
Goodwill amortisation	92	48
Patents and licences amortisation	1	2
Computer software amortisation	18	-
	<u> </u>	<u> </u>

10. AUDITOR'S REMUNERATION

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	62	68
	<u> </u>	<u> </u>

11. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Current tax:		
UK corporation tax	5,824	4,651
Corporation tax prior year	(601)	(284)
Total current tax	<u>5,223</u>	<u>4,367</u>
Deferred tax:		
Deferred tax	1,359	167
Deferred tax prior year	123	613
Deferred tax on pension movement in the year	632	867
Total deferred tax	<u>2,114</u>	<u>1,647</u>
Tax on profit	<u>7,337</u>	<u>6,014</u>

UK corporation tax has been charged at 25% (2023 - 22%).

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

11. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Profit before tax	29,777	24,310
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2023 - 22%)	7,444	5,348
Effects of:		
Expenses not deductible for tax purposes	69	398
Income not taxable for tax purposes	(652)	(779)
Capital allowances in excess of depreciation	(128)	-
Depreciation in excess of capital allowances	-	11
Utilisation of tax losses	(885)	(327)
Adjustments to tax charge in respect of previous periods	(478)	329
Movement in provisions	(24)	-
Current year deferred tax charge	1,359	167
Deferred tax on pension movement in the year	632	867
Total tax charge	7,337	6,014

Tax effects relating to effects of other comprehensive income

	1.10.23 to 28.9.24	
	Gross £'000	Tax £'000
Actuarial gain / (loss)	3,325	-
Tax relating to actuarial gain / (loss)	(831)	-
	2,494	2,494
	2023	
	Gross £'000	Tax £'000
Actuarial (loss) / gain	(26,144)	-
Tax relating to actuarial (loss) / gain	6,536	-
	(19,608)	(19,608)

On 14 October 2022, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. Deferred tax has been calculated at 25%.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

12. DIVIDENDS

	Period 1.10.23 to 28.9.24 £'000	Year Ended 30.9.23 £'000
Ordinary shares of £1 each		
Interim	10,294	10,214

Interim dividends were paid of £4.59 per ordinary share (2023: £4.55 per share)

13. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Patents and licences £'000	Computer software £'000	Totals £'000
COST				
At 1 October 2023	5,557	18,098	-	23,655
Additions	40	-	213	253
At 28 September 2024	5,597	18,098	213	23,908
AMORTISATION				
At 1 October 2023	5,442	18,096	-	23,538
Amortisation for period	92	1	18	111
At 28 September 2024	5,534	18,097	18	23,649
NET BOOK VALUE				
At 28 September 2024	63	1	195	259
At 30 September 2023	115	2	-	117

The amortisation charge for the period is included within administrative expenses.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

14. TANGIBLE FIXED ASSETS

	Freehold property £'000	Short leasehold £'000	Assets under construction £'000
COST			
At 1 October 2023	1,817	2,273	2,626
Additions	-	-	1,549
Disposals	(29)	(2)	-
Reclassification/transfer	-	-	(1,916)
At 28 September 2024	1,788	2,271	2,259
DEPRECIATION			
At 1 October 2023	67	2,098	-
Charge for period	46	62	-
Eliminated on disposal	(28)	(1)	-
At 28 September 2024	85	2,159	-
NET BOOK VALUE			
At 28 September 2024	1,703	112	2,259
At 30 September 2023	1,750	175	2,626
	Plant and machinery £'000	Fixtures and fittings £'000	Totals £'000
COST			
At 1 October 2023	50,556	55,604	112,876
Additions	2,236	1,022	4,807
Disposals	(703)	(575)	(1,309)
Reclassification/transfer	-	1,916	-
At 28 September 2024	52,089	57,967	116,374
DEPRECIATION			
At 1 October 2023	39,551	43,479	85,195
Charge for period	2,936	2,829	5,873
Eliminated on disposal	(656)	(500)	(1,185)
At 28 September 2024	41,831	45,808	89,883
NET BOOK VALUE			
At 28 September 2024	10,258	12,159	26,491
At 30 September 2023	11,005	12,125	27,681

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

15. FIXED ASSET INVESTMENTS

	Interest in other participating interests £'000
COST OR VALUATION	
At 1 October 2023	
and 28 September 2024	133
PROVISIONS	
At 1 October 2023	
and 28 September 2024	133
NET BOOK VALUE	
At 28 September 2024	-
At 30 September 2023	-

16. INVESTMENT PROPERTY

	Total £'000
FAIR VALUE	
At 1 October 2023	
and 28 September 2024	303
NET BOOK VALUE	
At 28 September 2024	303
At 30 September 2023	303

Investment property is held at cost.

17. STOCKS

	2024 £'000	2023 £'000
Raw materials	8,322	7,889
Finished goods	4,105	4,798
	<u>12,427</u>	<u>12,687</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Stock purchases in the year recognised in cost of sales during the year as an expense was £18,966,000 (2023: £18,283,000).

Provision is made for slow moving stock, discounted stock and mobile phone stock. The provision at the end of the year was £748,000 (2023: £835,000).

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

18. DEBTORS

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,231	1,093
Amounts owed by group undertakings	53,578	43,752
Corporation tax	740	1,169
Prepayments and accrued income	4,089	4,089
	<u>59,638</u>	<u>50,103</u>
Amounts falling due after more than one year:		
Amounts owed by undertakings in which the company has a participating interest	<u>4,084</u>	<u>4,093</u>
Aggregate amounts	<u>63,722</u>	<u>54,196</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£'000	£'000
Trade creditors	2,801	2,593
Amounts owed to group undertakings	6,550	5,436
Deferred tax	13,160	11,697
Social security and other taxes	8,771	7,084
Other creditors	781	757
Accruals and deferred income	20,464	23,470
	<u>52,527</u>	<u>51,037</u>

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£'000	£'000
Deferred tax	2,372	-
Accruals and deferred income	131	-
	<u>2,503</u>	<u>-</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

21. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2024	2024	2023	2023
	Land and	Other	Land and	Other
	buildings	£'000	buildings	£'000
	£'000		£'000	
Operating leases which expire:				
Within one year	12,702	1,360	11,831	933
Between one and five years	19,428	2,575	26,439	2,212
In more than five years	1,737	-	5,960	2
	<u>33,503</u>	<u>3,935</u>	<u>44,230</u>	<u>3,147</u>

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

22. PROVISIONS FOR LIABILITIES

	Deferred taxation £'000	Empty properties £'000	Total £'000
At 1 October 2023	890	1,202	2,092
Charge/(credit) to profit and loss during the year	1,482	(5)	1,477
Amounts utilised	-	6	6
Reclassifications	(2,372)	-	(2,372)
At 28 September 2024	-	1,203	1,203

The empty property provision relates to the future lease costs of empty properties at 28 September 2024. The provision will be utilised over the unexpired periods of the related leases.

The deferred tax liability relates to accelerated capital allowances. The provision has been reclassified to show within long term liabilities.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2024 £'000	2023 £'000
2,243,000	Ordinary	£1	2,253	2,253
10,000	Deferred shares	£1	-	-
			<u>2,253</u>	<u>2,253</u>

The ordinary shares carry an entitlement to vote at general meetings and to receive dividends.

The deferred shares carry no entitlement to vote at general meetings and no entitlement to dividends.

24. RESERVES

Retained earnings refer to the net earnings not paid out as dividends but retained by the company to reinvest in the business.

During the year ended 1 October 2005 253,333 ordinary £1 shares were issued as consideration for an inter-company creditor of £17,979,000 which had arisen on the transfer of trade and assets resulting in a share premium of £17,726,000.

A further £17,952,000 was added to the share premium account on 25 July 2009 when the company issued 2,000,000 ordinary £1 shares for consideration of £19,952,000.

Other reserves represent the actuarial profits on the defined benefit pension scheme deficit net of deferred tax.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024**

25. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution scheme

The company operated a defined contribution scheme for its colleagues. A defined contribution scheme is a pension scheme under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the scheme are held separately from the company in independently administered funds.

Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate. During the year the group charged £3,251,326 (2023: £2,865,414) to the income statement. At the balance sheet date there were no outstanding contributions due to the scheme (2023: nil).

Defined benefit scheme

The group operates the Timpson Group Pension Scheme (the "Scheme"), as UK registered trust based pension scheme that provides defined benefits for certain colleagues. The Scheme has been closed to new entrants since January 2013 and closed to future accrual on 31 July 2020. A defined benefit scheme defines the pension benefit that the colleague will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit scheme is a pension scheme that is not a defined contribution scheme.

The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the statement of financial position date less the fair value of plan assets at the statement of financial position date out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit scheme, recognised in the statement of comprehensive income as costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from colleague service during the period, and
- b) the cost of the scheme introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is recognised in the statement of comprehensive income as an 'other finance cost'.

The trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 5 April 2021. This valuation revealed a funding surplus of £20.2m. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The value of assets and defined benefit obligations are a 'snapshot' view reflecting the market conditions on one day. The figures are therefore expected to be quite volatile from year to year.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

EMPLOYEE BENEFIT OBLIGATIONS (continued)

Principal actuarial assumptions used at the balance sheet date:

	2024	2023
Rate of increase in salaries *	N/A	N/A
Rate of increase in pensions in payments	3.10%	3.20%
Discount rate	5.10%	5.40%
Inflation assumption	2.60%	2.70%

* As the scheme closed to future accrual on 31 July 2020 an assumption for salary increases is no longer required.

Amount recognised in statement of other comprehensive income

	2024 £'000	2023 £'000
Actuarial gain / (loss)	3,325	(26,144)
Deferred tax on actuarial gain / (loss)	(831)	6,536
Total amount recognised in statement of other comprehensive income	2,494	(19,608)

The cumulative amount of actuarial gains and losses recognised in the statement of other comprehensive income at the end of the period is £58,330,000 (2023: £55,836,000).

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2024 years	2023 years
Retiring today:		
Males	19.5	19.6
Females	22.0	21.9
Retiring in 20 years:		
Males	20.4	20.5
Females	23.0	23.0

Analysis of changes in the present value of the scheme liabilities over the period

	2024 £'000	2023 £'000
Value of liabilities at start of period	68,402	72,479
Interest cost	3,604	3,621
Benefits paid	(3,363)	(3,004)
Actuarial losses / (gains)	2,463	(4,694)
Value of liabilities at end of period	71,106	68,402

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

EMPLOYEE BENEFIT OBLIGATIONS (continued)

Analysis of changes in the market value of scheme assets over the period

	2024	2023
	£'000	£'000
Market value of assets at start of period	115,192	141,944
Interest income	6,131	7,162
Actuarial gains / (losses)	5,788	(30,838)
Benefits paid	(3,363)	(3,004)
Administration expenses	-	(72)
	<hr/>	<hr/>
Market value of assets at end of period	123,748	115,192
	<hr/>	<hr/>

Analysis of the amount charged to other finance charges

	2024	2023
	£'000	£'000
Interest income on pension scheme assets	6,131	7,162
Interest on pension scheme liabilities	(3,604)	(3,621)
	<hr/>	<hr/>
Net credit to interest receivable	2,527	3,541
	<hr/>	<hr/>

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow over a long period and thus are inherently uncertain were:

	Market value	Market value
	2024	2023
	£'000	£'000
Equities	52,757	41,098
Cash/other	573	876
Unlisted investments	-	5,401
Buy-in policy	70,418	67,817
	<hr/>	<hr/>
Total market value of assets	123,748	115,192
Present value of liability	(71,106)	(68,402)
	<hr/>	<hr/>
Asset in the scheme	52,642	46,790
Deferred tax liability	(13,160)	(11,697)
	<hr/>	<hr/>
Net pension asset	39,482	35,093
	<hr/>	<hr/>

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

EMPLOYEE BENEFIT OBLIGATIONS (continued)

Plan assets

	Fair value of assets		Fair value of assets	
	2024	2024	2023	2023
	£'000	%	£'000	%
Equities	52,757	43	41,098	36
Cash/other	573	0	876	0
Unlisted investments	-	-	5,401	5
Buy-in policy	70,418	57	67,817	59
Total	123,748	100	115,192	100

The actual return on plan assets for the period was a gain of £11,919,000 (2023: £23,676,000 loss).

Movement in the scheme during the period

	2024	2023
	£'000	£'000
Asset in scheme at beginning of period	46,790	69,465
Other finance income / (charge)	2,527	3,541
Actuarial gains / (losses)	(2,463)	4,694
Administration expense	-	(72)
Return on scheme assets (excluding interest)	5,788	(30,838)
Asset in scheme at end of period	52,642	46,790

The surplus has increased over the year primarily due to the return achieved on the Scheme's assets being higher than that required to match the expected increase in the defined benefit obligation.

The company is aware of the Virgin Media v NTL Pension Trustees case and the subsequent court of appeal ruling which was published in July 2024.

These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

There remains significant uncertainty as to whether judgements will result in additional liabilities for UK pension schemes, and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively. This will require a detailed review of the historical documentation to determine whether the changes made by the scheme were invalid, which will take some time to complete.

As a result, the company cannot be certain of the potential implications (if any) and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made.

TIMPSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 OCTOBER 2023 TO 28 SEPTEMBER 2024

26. ULTIMATE PARENT COMPANY

Timpson Holdings Limited (incorporated in Great Britain) is regarded by the directors as being the company's ultimate parent company.

The company is a wholly owned subsidiary undertaking of Sandymere Limited, incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is Timpson Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Timpson Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The smallest group in which the results of the company are consolidated is headed by Timpson Group Limited.

The directors view the ultimate controlling party to be Sir WJA Timpson CBE, by virtue of his family's controlling interest in Timpson Holdings Limited.

The consolidated financial statements of these groups are available to the public and may be obtained from the Company Secretary, Timpson House, Claverton Road, Wythenshawe, Manchester, M23 9TT.