

309779

Interface Europe Limited

Report and Financial Statements

52 weeks ended

1 January 1995



IBDO

BDO Stoy Hayward
Chartered Accountants

INTERFACE EUROPE LIMITED

Annual report and financial statements for the 52 weeks ended 1 January 1995

Contents

Directors

Page:

1	Report of the directors
3	Report of the auditors
4	Consolidated profit and loss account
5	Statement of total recognised gains and losses
6	Consolidated balance sheet
7	Balance sheet
8	Consolidated cash flow statement
9	Notes forming part of the financial statements

Directors

R C Anderson (Chairman)
D G Thomas
D E Russell
W G McWhirter
G D Mallinson
J P Walker
J Hasselman
H Van Beers
J H Walker
J Partridge

Secretary and registered office

A G Stockwell, Shelf Mills, Halifax, West Yorkshire, HX3 7PA.

Company number

00309779

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

INTERFACE EUROPE LIMITED

Report of the directors for the 52 weeks ended 1 January 1995

The directors present their report together with the audited financial statements for the 52 weeks ended 1 January 1995.

Results and dividends

The directors paid an interim dividend of £Nil (2 January 1994 - £13,972,000).

The directors do not recommend payment of a final dividend for the 52 weeks ended 1 January 1995 (1994 - £Nil).

The profit of £2,462,000 for the period (2 January 1994: loss £10,366,000) will be added to reserves.

Principal activities, trading review and future developments

The group's principal activity continues to be the manufacture and distribution of carpets and carpet tiles. The directors consider that both the results for the period and the trading prospects are satisfactory.

Fixed assets

Details of movements in fixed assets during the period are set out in notes 7 to 9 to the financial statements.

Research and development

The company continues to invest in research and development. The directors regard investment in this area as a pre-requisite for success in the medium to long term future.

Employees

It is group policy to offer appropriate employment, training and promotion opportunities to disabled people where the disability does not materially affect work performance. Should it become necessary every effort would be made in accordance with this policy to continue the employment of anyone becoming disabled whilst in the service of the group.

Information to employees regarding the group and factors affecting its performance are provided through normal management channels and regular consultation.

INTERFACE EUROPE LIMITED

Report of the directors for the 52 weeks ended 1 January 1995 (*Continued*)

Directors

The directors of the company during the period were:

R C Anderson	(Chairman)
D G Thomas	
D E Russell	
A T Hill	(resigned 17 February 1995)
W G McWhirter	
G D Mallinson	
J P Walker	
J Hasselman	(appointed 17 February 1995)
H Van Beers	(appointed 17 February 1995)
J H Walker	(appointed 17 February 1995)
J Partridge	(appointed 17 February 1995)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the period BDO Stoy Hayward were appointed as auditors of the company. BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

J Hasselman

Director

Date 14.09.1995

INTERFACE EUROPE LIMITED

Report of the auditors

To the shareholders of Interface Europe Limited

We have audited the financial statements on pages 4 to 30 which have been prepared under the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 January 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London

14 September 1995

INTERFACE EUROPE LIMITED

Consolidated profit and loss account for the 52 weeks ended 1 January 1995

	Note	52 weeks ended 1 January 1995 £'000	52 weeks ended 2 January 1994 £'000
Turnover			
Continuing operations		91,887	53,561
Acquisitions		-	17,465
		<hr/>	<hr/>
	2	91,887	71,026
Change in stocks of finished goods and work in progress		(139)	3,065
Other operating income		232	164
		<hr/>	<hr/>
		91,980	74,255
Raw materials and consumables		52,862	43,362
Other external charges		3,443	3,363
Staff costs	25	13,421	11,378
Depreciation and amounts written off intangible assets		1,994	1,552
Other operating charges		14,324	10,446
		<hr/>	<hr/>
Operating profit	3	5,936	4,154
Interest receivable and similar income	4	1,905	2,221
Interest payable and similar charges	4	(1,906)	(1,451)
Exchange (loss)/gain		(1,281)	571
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,654	5,495
Taxation on profit on ordinary activities	5	2,192	1,889
		<hr/>	<hr/>
Profit on ordinary activities after taxation		2,462	3,606
Dividends		-	(13,972)
		<hr/>	<hr/>
Profit/(loss) for the period	16	2,462	(10,366)
		<hr/>	<hr/>

The notes on pages 9 to 30 form part of these financial statements

INTERFACE EUROPE LIMITED

Statement of total recognised gains and losses for the 52 weeks ended 1 January 1995

	Note	52 weeks ended 1 January 1995 £'000	52 weeks ended 2 January 1994 £'000
Profit for the financial year		2,462	3,606
Currency translation differences on foreign currency net investments	16	4	(2)
		<hr/>	<hr/>
Total recognised gains and losses		2,466	3,604
		<hr/>	<hr/>

The notes on pages 9 to 30 form part of these financial statements

INTERFACE EUROPE LIMITED

Balance sheet at 1 January 1995 - Group

	Note	1 January 1995		2 January 1994	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		13,116		13,841
Tangible assets	8		9,752		8,764
Investments	9		16,737		16,737
			<hr/>		<hr/>
			39,605		39,342
Current assets					
Stocks	10	11,798		11,600	
Debtors	11	49,551		47,980	
Cash at bank and in hand		647		425	
		<hr/>		<hr/>	
		61,996		60,005	
Creditors: amounts falling due within one year	12	(44,707)		(44,937)	
		<hr/>		<hr/>	
Net current assets			17,289		15,068
			<hr/>		<hr/>
Total assets less current liabilities			56,894		54,410
Creditors: amounts falling due after more than one year	13		(1,133)		(883)
Provisions for liabilities and charges	14		(1,990)		(2,222)
			<hr/>		<hr/>
Net assets			53,771		51,305
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15	14,216		14,216	
Share premium account	16	5,276		5,276	
Profit and loss account	16	17,720		15,254	
Capital reserve	16	16,559		16,559	
		<hr/>		<hr/>	
Shareholders' funds - equity			53,771		51,305
			<hr/>		<hr/>

The financial statements were approved by the Board on 14.9.95

J Hasselman
Director

The notes on pages 9 to 30 form part of these financial statements

INTERFACE EUROPE LIMITED

Balance sheet at 1 January 1995 - company

	Note	1 January 1995		2 January 1994	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		119		129
Tangible assets	8		9,434		8,404
Investments	9		26,823		26,521
			36,376		35,054
Current assets					
Stocks	10	11,329		11,154	
Debtors	11	48,308		46,791	
Cash at bank and in hand		89		331	
			59,726		58,276
Creditors: amounts falling due within one year	12	(49,272)		(49,635)	
Net current assets			10,454		8,641
Total assets less current liabilities			46,830		43,695
Creditors: amounts falling due after more than one year	13		(15,289)		(15,051)
Provisions for liabilities and charges	14		(2,039)		(2,271)
Net assets			29,502		26,373
Capital and reserves					
Called up share capital	15	14,216		14,216	
Share premium account	16	5,276		5,276	
Profit and loss account	16	10,010		6,881	
Shareholders' funds - equity			29,502		26,373

The financial statements were approved by the Board on 14.9.95

J Hasselman
Director

The notes on pages 9 to 30 form part of these financial statements

INTERFACE EUROPE LIMITED

Consolidated cash flow statement for the 52 weeks ended 1 January 1995

	Note	52 weeks ended 1 January 1995		52 weeks ended 2 January 1994	
		£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	17		(3,116)		41,567
Returns on investments and servicing of finance					
Interest received		55		467	
Interest paid		(1,101)		(1,056)	
Dividends paid		-		(13,972)	
Net cash outflow from returns on investment and servicing of finance			(1,046)		(14,561)
Taxation					
UK taxation paid			(631)		(6,147)
Investing activities					
Purchase of intangible fixed assets		-		(70)	
Purchase of tangible fixed assets		(2,295)		(1,024)	
Purchase of subsidiary undertakings		-		(6,815)	
Sale of tangible fixed assets		49		65	
Net cash outflow from investing activities			(2,246)		(7,844)
Net cash (outflow)/inflow before financing			(7,039)		13,015
Financing					
New loans issued		-		13,075	
Repayments of loans		(7,259)		-	
Net cash (outflow)/inflow from financing	20		(7,259)		13,075
Increase/(decrease) in cash and cash equivalents	19		220		(60)
			(7,039)		13,015

The notes on pages 9 to 30 form part of these financial statements

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995

1 Accounting policies

The financial statements are prepared under the historical cost convention, and are in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of Interface Europe Limited and all its subsidiary undertakings made up to the balance sheet date.

No profit and loss account for Interface Europe Limited has been prepared as permitted by Section 230 of the Companies Act 1985.

Acquisitions

The results of companies acquired during the period are dealt with from the date of acquisition using the principles of acquisition accounting. The fair value of total consideration is used to calculate the goodwill arising on consolidation. Goodwill is capitalised and amortised over its expected useful economic life.

Investments

Acquisitions for which the consideration comprises an issue of shares which is eligible for relief under sections 131 to 134 of the Companies Act 1985 are stated in the parent company balance sheet at the nominal value of the shares issued plus the minimum premium value. Other investments are stated at cost less provision for permanent diminution in value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, at the following rates:-

Freehold buildings	-	2%
Plant and machinery	-	8 $\frac{1}{3}$ % to 20%
Motor vehicles	-	20% to 33 $\frac{1}{3}$ %

Leasing commitments

Assets obtained under operating leases are charged against income on a straight line basis over the lease term.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

1 Accounting policies (*Continued*)

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets.

Research and development

Research expenditure is written off to the profit and loss account in the period in which it is incurred.

Intangible assets

Goodwill, patents and trade marks are amortised on a straight line basis over twenty years which the directors consider to be their useful economic lives.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:-

- | | | |
|-------------------------------------|---|---|
| Raw materials | - | purchase cost on a first-in, first out basis |
| Work in progress and finished goods | - | cost of direct materials and labour plus attributable overheads based on a normal level of activity |

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

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from the retranslation of the opening net investment in overseas subsidiary undertakings at the period and rate are taken directly to reserves. All other differences are taken to the profit and loss account.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

1 Accounting policies (Continued)

Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions paid to the schemes is shown as an asset or a liability in the balance sheet.

2 Turnover

Turnover is derived from a single class of business carried out in the UK, that of the manufacture and distribution of carpet and carpet tiles, and can be analysed by destination as follows:

	52 weeks ended 1 January 1995 £'000	52 weeks ended 2 January 1994 £'000
United Kingdom	63,887	49,285
Other EC countries	23,594	18,781
Europe other than EC	228	122
The Americas	722	408
Middle East	1,091	442
Far East	2,105	1,455
Africa and Australia	260	533
	<hr/>	<hr/>
	91,887	71,026
	<hr/>	<hr/>

3 Operating profit is stated after charging/(crediting):

Research and development expenditure	92	82
Depreciation-owned fixed assets	1,269	1,187
Amortisation-intangible fixed assets	725	365
Operating lease rentals:		
Plant and machinery	1,215	970
Other	240	243
Auditors' remuneration		
- audit	43	38
- non audit	64	69
Profit on sale of fixed assets	(11)	(12)
Loss on sale of fixed asset investments	2	-
Government grants released	(231)	(196)
	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

4 Interest

	52 weeks ended 1 January 1995 £'000	52 weeks ended 2 January 1994 £'000
Interest receivable		
From fellow subsidiary undertakings	1,880	2,194
From others	25	27
	<hr/>	<hr/>
	1,905	2,221
	<hr/>	<hr/>
Interest payable		
To parent undertaking	1,847	922
To fellow subsidiary undertakings	33	475
To others	26	54
	<hr/>	<hr/>
	1,906	1,451
	<hr/>	<hr/>

All interest is on loans and overdrafts repayable within five periods not by instalments.

5 Taxation

UK current year taxation

UK corporation tax at 33%	2,423	1,681
Transfer (from)/to deferred taxation account	(224)	188
	<hr/>	<hr/>
	2,199	1,869

Prior years

UK corporation tax	1	-
Transfer from deferred taxation account	(8)	(17)
Irrecoverable advance corporation tax	-	37
	<hr/>	<hr/>
	2,192	1,889
	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

6 Company profit for the year

The profit attributable to the company which has been dealt with in its own accounts is £2,915,000 (2 January 1994 - loss of £10,131,000).

7 Intangible fixed assets

Group	Patents and Trademarks £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At 3 January 1994 and 1 January 1995	116	14,114	14,230
	<u> </u>	<u> </u>	<u> </u>
<i>Provisions</i>			
At 3 January 1994	10	379	389
Provided for in year	7	718	725
	<u> </u>	<u> </u>	<u> </u>
At 1 January 1995	17	1,097	1,114
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 1 January 1995	99	13,017	13,116
	<u> </u>	<u> </u>	<u> </u>
At 2 January 1994	106	13,735	13,841
	<u> </u>	<u> </u>	<u> </u>

The comparative for goodwill has been adjusted to reflect a late fair value adjustment of the tax debtor in the books of Aylesbury Residual Limited which was acquired during last year.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

7 Intangible fixed assets (*Continued*)

Company	Patents and Trademarks £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At 3 January 1994 and at 1 January 1995	116	45	161
	<hr/>	<hr/>	<hr/>
<i>Provisions</i>			
At 3 January 1994	10	22	32
Provided for in year	7	3	10
	<hr/>	<hr/>	<hr/>
At 1 January 1995	17	25	42
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 1 January 1995	99	20	119
	<hr/>	<hr/>	<hr/>
At 2 January 1994	106	23	129
	<hr/>	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

8 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At 3 January 1994	4,076	13,157	33	17,266
Reclassification	56	(56)	-	-
Additions	547	1,748	-	2,295
Disposals	-	(306)	(22)	(328)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	4,679	14,543	11	19,233
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 3 January 1994	526	7,944	32	8,502
Reclassification	86	(86)	-	-
Provided in period	90	1,179	-	1,269
Disposals	-	(263)	(27)	(290)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	702	8,774	5	9,481
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 1 January 1995	3,977	5,769	6	9,752
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 January 1994	3,550	5,213	1	8,764
	<hr/>	<hr/>	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

8 Tangible fixed assets (*Continued*)

Company	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At 3 January 1994	3,796	12,145	33	15,974
Reclassification	56	(56)	-	-
Additions	532	1,745	-	2,277
Disposals	-	(282)	(22)	(304)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	4,384	13,552	11	17,947
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 3 January 1994	470	7,068	32	7,570
Reclassification	86	(86)	-	-
Provided in period	83	1,127	-	1,210
Disposals	-	(240)	(27)	(267)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	639	7,869	5	8,513
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 1 January 1995	3,745	5,683	6	9,434
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 January 1994	3,326	5,077	1	8,404
	<hr/>	<hr/>	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

8 Tangible fixed assets (*Continued*)

Analysis of land and buildings

Net book value	Group		Company	
	1.1.1995 £'000	2.1.1994 £'000	1.1.1995 £'000	2.1.1994 £'000
Freehold land	221	221	221	221
Freehold buildings	3,756	3,329	3,524	3,105
	<u>3,977</u>	<u>3,550</u>	<u>3,745</u>	<u>3,326</u>

Capital commitments

The directors had authorised capital expenditure as follows:

	1 January 1995 £'000	2 January 1994 £'000
Authorised but not contracted for	<u>353</u>	<u>531</u>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

9 Fixed asset investment Group

	Investment listed on a recognised Stock Exchange not in UK £'000	Total £'000
<i>Cost</i>		
At 3 January 1994 and at 1 January 1995	178	178
<i>Revaluation</i>		
At 3 January 1994 and at 1 January 1995	16,559	16,559
<i>Net book value</i>		
At 1 January 1995	16,737	16,737
At 2 January 1994	16,737	16,737

The trade investment listed on a recognised stock exchange is the investment in the ultimate parent undertaking, Interface Inc. The investment is valued at historic cost. The market value of the trade investment listed on a recognised stock exchange at 1 January 1995 was £28,567,000 (2 January 1994 - £37,107,000).

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

9 Fixed asset investments (Continued)

Company

	Investment listed on a recognised Stock Exchange not in the UK £'000	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
<i>Cost</i>				
At 3 January 1994	16,737	23,067	3,159	42,963
Additions	-	88	-	88
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	16,737	23,155	3,159	43,051
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At 3 January 1994	-	14,283	2,159	16,442
Adjustment (note 7)	-	(214)	-	(214)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	-	14,069	2,159	16,228
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 1 January 1995	16,737	9,086	1,000	26,823
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 January 1994	16,737	8,784	1,000	26,521
	<hr/>	<hr/>	<hr/>	<hr/>

The provision against the shares in a subsidiary undertaking purchased is included in the balance sheet of the company only. The goodwill arising on consolidation is amortised as detailed in note 1.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

9 Fixed asset investment (*Continued*)

The company holds more than 10% of the share capital of the following companies:

Subsidiary undertakings

Company	Country of registration or incorporation	Nature of business	Shares held class	%
Carpets International Overseas Limited	England and Wales	Intermediate holding company	Ordinary	100
Aylesbury Residual Limited (formerly Heuga UK Limited)	England and Wales	Dormant	Ordinary	100
Sanquhar Tile Services Limited	Scotland	Commission backers of carpet tiles	Ordinary	100
Guilford of Maine (UK) Limited	England and Wales	Supply of office interior fabrics	Ordinary	100
Shelf Investments Limited (formerly Interface Europe Limited)	England and Wales	Dormant	Ordinary	100
Interface Ireland Limited	Eire	Supply of carpet tiles	Ordinary	100

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

10 Stocks

	Group		Company	
	1.1.1995	2.1.1994	1.1.1995	2.1.1994
	£'000	£'000	£'000	£'000
Raw materials and consumables	3,358	2,998	3,241	2,875
Work in progress	768	634	768	634
Finished goods and goods for resale	7,672	7,968	7,320	7,645
	<u>11,798</u>	<u>11,600</u>	<u>11,329</u>	<u>11,154</u>

11 Debtors

Trade debtors	12,926	13,192	11,233	12,439
Amounts owed by subsidiary undertakings	-	-	989	630
Amounts owed by parent undertaking and fellow subsidiary undertakings	31,396	29,646	30,897	28,823
Other debtors	611	845	609	614
Prepayments and accrued income	1,116	795	1,078	783
Advance corporation tax recoverable	3,502	3,502	3,502	3,502
	<u>49,551</u>	<u>47,980</u>	<u>48,308</u>	<u>46,791</u>

12 Creditors: amounts falling due within one year

Trade creditors	4,646	3,625	4,388	3,405
Bills of exchange	280	278	280	278
Amounts owed to parent undertaking and fellow subsidiary undertakings	33,725	34,957	33,337	34,786
Amounts owed to subsidiary undertakings	-	-	6,041	5,767
Other creditors	263	240	24	33
Corporation tax	2,479	685	2,292	494
Other taxes and social security costs	1,304	2,830	1,122	2,754
Accruals and deferred income	2,010	2,322	1,788	2,118
	<u>44,707</u>	<u>44,937</u>	<u>49,272</u>	<u>49,635</u>

Included within accruals and deferred income is £108,000 (2 January 1994 - £158,000) relating to outstanding contributions payable to the pension scheme.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

13 Creditors: amounts falling due after more than one year

	Group		Company	
	1.1.1995	2.1.1994	1.1.1995	2.1.1994
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertakings	-	-	14,175	14,168
Accruals and deferred income	1,133	883	1,114	883
	<u>1,133</u>	<u>883</u>	<u>15,289</u>	<u>15,051</u>

14 Provisions for liabilities and charges

Group	Deferred tax £'000
At 3 January 1994	2,222
Transfer from profit and loss account	(232)
	<u>1,990</u>
At 1 January 1995	

Deferred tax provided in the financial statements and the total potential tax liability including the amounts for which provision has been made, are as follows:

	Provided		Potential	
	1.1.1995	2.1.1994	1.1.1995	2.1.1994
	£'000	£'000	£'000	£'000
Accelerated capital allowances	778	794	1,011	1,002
Other timing differences	1,212	1,428	1,212	1,428
	<u>1,990</u>	<u>2,222</u>	<u>2,223</u>	<u>2,430</u>

If the trade investment was sold for its market value, the corporation tax on the chargeable gain would be approximately £1 million (2 January 1994 - £2 million).

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 *(Continued)*

14 Provision for liabilities and charges *(Continued)*

Company	Deferred tax £'000
At 3 January 1994	2,271
Transfer to profit and loss account	(232)
	<hr/>
At 1 January 1995	2,039
	<hr/> <hr/>

Deferred tax provided in the financial statements and the total potential tax liability including the amounts for which provision has been made, are as follows:

	Provided		Unprovided	
	1.1.1995	2.1.1994	1.1.1995	2.1.1994
	£'000	£'000	£'000	£'000
Accelerated capital allowances	778	799	1,011	1,007
Other timing differences	1,261	1,472	1,261	1,472
	<hr/>	<hr/>	<hr/>	<hr/>
	2,039	2,271	2,272	2,479
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

15 Called up share capital

	Number	£'000
<i>Authorised</i>		
At 1 January 1995 and 2 January 1994		
Ordinary shares of 50p each	23,676,407	11,840
'A' Ordinary shares of 10p each	26,602,965	2,660
	<hr/>	<hr/>
	50,279,372	14,500
	<hr/>	<hr/>
<i>Allotted and fully paid</i>		
At 1 January 1995 and 2 January 1994		
Ordinary shares of 50p each	23,679,407	11,840
'A' Ordinary shares of 10p each	23,766,677	2,376
	<hr/>	<hr/>
	47,446,084	14,216
	<hr/>	<hr/>

The ordinary and the 'A' Ordinary shares each carry equal voting rights.

16 Reserves Group

	Share premium £'000	Capital reserve £'000	Profit and loss account £'000
At 3 January 1994	5,276	16,559	15,254
Retained profit for the period	-	-	2,462
Exchange differences	-	-	4
	<hr/>	<hr/>	<hr/>
At 1 January 1995	5,276	16,559	17,720
	<hr/>	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

16 Reserves (*Continued*) Company

	Share premium £'000	Profit and loss account £'000
At 3 January 1994	5,276	6,881
Adjustment (note 7)	-	214
Retained profit for the period	-	2,915
	<hr/>	<hr/>
At 1 January 1995	5,276	10,010
	<hr/>	<hr/>

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

	1 January 1995 £'000	2 January 1994 £'000
Operating profit	5,936	4,154
Depreciation and amortisation	1,994	1,552
Increase in stocks	(198)	(2,025)
(Increase)/decrease in debtors	(1,002)	4,318
(Decrease)/increase in creditors	(9,835)	33,580
Profit on disposal of fixed assets	(11)	(12)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(3,116)	41,567
	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

18 Analysis of changes in cash and cash equivalents during the period

	1 January 1995 £'000	2 January 1994 £'000
Balance at 3 January 1994	147	207
Net cash inflow/(outflow)	220	(60)
	<hr/>	<hr/>
Balance at 1 January 1995	367	147
	<hr/>	<hr/>

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1.1.1995 £'000	2. 1.1994 £'000	Change in period £'000	2.1.1994 £'000	3.1.1993 £'000	Change in period £'000
Cash at bank and in hand	647	425	222	425	396	29
Bills of exchange	(280)	(278)	(2)	(278)	(189)	(89)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	367	147	220	147	207	(60)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

20 Analysis of changes in financing during the period

	1 January 1995 £'000	2 January 1994 £'000
Balance at 3 January 1994	28,561	15,486
New loans issued	-	13,075
Repayment of loans	(7,259)	-
	<hr/>	<hr/>
Balance at 1 January 1995	21,302	28,561
	<hr/>	<hr/>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

21 Reconciliation of shareholders' funds

	1 January 1995 £'000	2 January 1994 £'000
Profit for the financial period	2,462	3,606
Other recognised gains and losses relating to period (net)	4	(2)
	<hr/>	<hr/>
	2,466	3,604
Dividends	-	(13,972)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	2,466	(10,368)
Opening shareholders' funds	51,305	61,673
	<hr/>	<hr/>
Closing shareholders' funds	53,771	51,305
	<hr/>	<hr/>

22 Contingent liabilities

Group and company

Government grants

Under the terms of the Department of Economic Development letter of offer, there is a contingent liability to repay certain government grants in the event of any of those capital assets which are grant aided being sold or otherwise disposed of within a certain time of claiming, namely four periods in the case of expenditure on both buildings and plant. At 1 January 1995 the contingent liability in this respect is estimated at £1,160,313 (2 January 1994 - £883,000).

In addition there exists a contingent liability to repay capital grants should certain specified employment levels not be met.

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (Continued)

23 Financial commitments

Operating leases

At 1 January 1995, the group and company had annual commitments under non-cancellable operating leases as follows:

	1 January 1995		2 January 1994	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
Within one year	33	204	33	287
Between two and five years	-	1,251	147	723
In over five years	195	-	81	13
	<u>228</u>	<u>1,455</u>	<u>261</u>	<u>1,023</u>

24 Information regarding directors

Share interests

The directors had no interests in the share capital of this company or any other group company incorporated in Great Britain at any time during the period.

Emoluments

	1 January 1995 £'000	2 January 1994 £'000
Directors' emoluments	<u>373</u>	<u>280</u>

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

24 Information regarding directors (*Continued*)

Bandings

Emoluments (excluding pension contributions) were

	1 January 1995 £'000	2 January 1994 £'000
Chairman	-	-
Highest paid director	117	83

Other directors' remuneration fell within the following bands:

	Number	Number
£ 0 - £ 5,000	1	1
£ 5,001 - £10,000	1	1
£55,001 - £60,000	-	2
£60,001 - £65,000	1	-
£75,001 - £80,000	-	1
£90,001 - £95,000	2	-

25 Employees

Number of employees

The average weekly number of persons (including directors) employed by the group during the period was:

	1 January 1995 Number	2 January 1994 Number
Direct labour	351	315
Office and supervision	268	217
Management	33	33
	652	565
Employment costs (including directors)	£	£
Wages and salaries	12,053	10,317
Social security costs	1,052	872
Pension and other costs	316	189
	13,421	11,378

INTERFACE EUROPE LIMITED

Notes forming part of the financial statements for the 52 weeks ended 1 January 1995 (*Continued*)

26 Pension costs

The group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the group. The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The most recent assessment was carried out as at 1 June 1992.

Method used:	Projected unit
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Main assumptions:

Return on investments	9%
Increase in earnings	7.5%

Market value of
investments at

1 June 1992	£7,267,000
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Level of funding	111%
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The pension charge for the period was £86,000 (2 January 1994 - £169,000). The surplus is recognised over 15 periods, the average remaining service lives of employees.

Contributions to the scheme by the group remain at nil.

27 Ultimate parent company

The directors regard Interface Inc., a company incorporated in the United States of America, as the company's ultimate parent undertaking.

Interface Inc. is the parent undertaking of the largest group of which Interface Europe Limited is a member and for which group accounts are drawn up. Copies of those group accounts are available from 2859 Paces Ferry Road, Suite 2000, Atlanta, GA 30339, USA.

Interface Europe Inc., incorporated in the United States of America, is the parent undertaking of the smallest group of which Interface Europe Limited is a member and for which group accounts are drawn up. Copies of those group accounts are available from the above address.