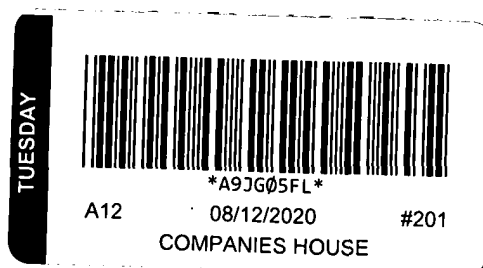


REGISTERED NUMBER: 00309779 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Period
31 December 2018 to 29 December 2019
for
Interface Europe Limited**



**Contents of the Consolidated Financial Statements
for the Period 31 December 2018 to 29 December 2019**

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Interface Europe Limited

**Company Information
for the Period 31 December 2018 to 29 December 2019**

DIRECTORS:

N W Stansfield
A H van Keken
Ms D S Verschuur

REGISTERED OFFICE:

10th Floor
The Colmore Building
20 Colmore Circus
Birmingham
B46AT

REGISTERED NUMBER:

00309779 (England and Wales)

AUDITORS:

BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

**Group Strategic Report
for the Period 31 December 2018 to 29 December 2019**

The directors present their strategic report of the company and the group for the period 31 December 2018 to 29 December 2019.

The year end 2019 refers to the period from 31 December 2018 to 29 December 2019. The comparative year end refers to the period 1 January 2018 to 30 December 2018.

PRINCIPAL ACTIVITY

The company's principal activity in the year continues to be the toll manufacture and distribution of interior floor coverings in the UK, Ireland and the Middle East.

It is our long term mission to become climate neutral, meaning that it is our goal to eliminate any negative impact which our company may have on the environment by the year 2020. "Climate Take Back", our next mission, is the Interface commitment to run our business in a way that creates a climate fit for life by not only achieving zero emissions, but actually positively contributing to climate change.

REVIEW OF BUSINESS

The Income statement is set out on page 12 and shows turnover for the year of £68,293,000 (2018 - £72,292,000) and a profit after taxation for the year of £1,459,000 (2018 - £943,000).

Total group turnover decreased by 5.5% in comparison to the previous year. Trading conditions remained tough across all markets but overall gross profit as a percentage of sales increased from 25.1% to 28.4%. Manufacturing costs remain subject to stringent scrutiny and have been reduced wherever possible and have decreased as a percentage of turnover. Selling, distribution and administrative expenses have decreased by 2.5% on the comparative year and have increased as a percentage of turnover from 24% to 24.8%. Overall the contribution of the business to operating profit has increased by £1,725,000.

The group and the company remain committed to achieving the highest levels of sustainability in the industrial world. In pursuing those objectives the company has sold, under the registered trademark "Cool Carpet", 3,412,900 square metres of product (2018 - 3,247,800 square metres) where any greenhouse gases emitted during the life cycle of the product are offset or balanced.

The group and company are also committed to providing a safe environment to all employees. Reported accidents, those involving three or more days absence from work, for the UK and Ireland business were five in 2019 (2018 - three). The incidence rate for all accidents, those involving an injury requiring either time off work or first aid treatment, was 2.17 per 200,000 hours worked (2018 - 0.96).

Following the Covid 19 Global pandemic, the economic environment in 2020 has been like no other. The company had no option but to send some staff home and make use of the Governments Furlough scheme due to the abrupt and dramatic drop in demand for its products.

The business has also had to look into rightsizing the workforce in light of the reduced economic activities. That said Interface is committed to being at the leading edge of the flooring industry and expects a full and strong recovery in its markets once lockdowns are removed.

The European group are closely monitoring the final negotiations and outcomes around Brexit and considering how this will further impact our UK based manufacturing and distribution companies

The Interface Inc. group will continue its emphasis on sustainability, functionality and design, and plans to introduce a wide range of new products with unique designs and advanced well-being functionality in 2020, including plans to introduce the lowest CO2-footprint product available in the marketplace today. It expects to maintain and expand upon its market leader position in 2020. With these plans we respond to the trend of adding value as a company to overall welfare in areas, such as the environment (including climate change), society and social equality. More information on the Interface Inc. groups global initiatives can be found on its corporate website:

<https://www.interface.com/US/en-US/campaign/climate-take-back/Climate-Take-Back>

**Group Strategic Report
for the Period 31 December 2018 to 29 December 2019**

POST BALANCE SHEET EVENTS

On January 30th 2020, the World Health Organization (hereafter: WHO) declared a health emergency, caused by the COVID-19 outbreak. On March 11th 2020, the WHO declared COVID-19 a global pandemic. The worldwide crisis impacts several companies, which is also the case for Interface Europe Limited. As a result of the COVID-19 outbreak, the revenue, margins and result for 2020 will be under pressure. The financial effect of the COVID-19 outbreak is uncertain as the duration and the effects of the crisis on the economic situation in the UK are uncertain. The Interface group is acting to minimize impact of the COVID-19 outbreak on its business where possible, for example by making use of Employee Retention Schemes as offered in the UK. Group leadership has worked diligently to support the health and wellbeing of its employees while also maintaining operations.

The Interface global group has a strong financial position and Group management is optimistic it will navigate the Interface group through these challenging times. The company's parent company is Interface Europe Holding BV. As Interface Europe Holding BV is a subsidiary of the wider Interface Inc group, based in the USA, the group is considered to have adequate net assets to conclude that no recoverability issues are noted over the intercompany amounts due. In addition, Interface Europe Holding BV confirm that it is their present intention to provide sufficient financial resources, so as to enable Interface Europe Limited (the company) both to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations, for a minimum period of 12 months from approval of the statutory financial statements. The company meets its day to day working capital requirements through operating cash flows, access to a cash pooling arrangement provided by Interface Europe Holding BV and continued financial support from the wider group. In undertaking their review, the directors have prepared financial projections for the period of twelve months from the date of issue of these financial statements. Contingency plans for various scenarios have been considered to preserve financial resources including reliance on support from group should this be required. An assessment has been made by group management which concluded Interface Inc has sufficient available headroom within its liquidity and assets to provide such support if required.

For the 31 December 2019 financial statements, the financial reporting effects of the COVID-19 outbreak is a non-adjusting event because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date. Despite the continued disruption of the global economy due to COVID-19, and the significant level of uncertainty created by the global pandemic, we do not believe that the impact of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. Therefore, we believe that the accounting principles can be maintained on a going concern base. The principles of valuation and determination of results used in these financial statements are therefore based on the assumptions of continuity of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The European group analyses and controls its risks by dividing them into categories (strategic, operational, financial and compliance). Control measures are defined for each identified risk. Interface has defined sufficient measures for the majority of its identified risks and uncertainties.

Strategic

The aim of the Interface Inc. group is overall growth of our primary service, which is offering our clients a total solution when it comes to interior design.

A significant proportion of the company's business is in the corporate office sector, which is very sensitive to economic and political developments. The performance of this sector remains an important factor in the performance of the company as a whole. The company seeks to manage this risk by continuing the development of other business sectors, such as hospitality, education, healthcare and government. The 2018 acquisition of the Nora Group and their rubber flooring solutions, has helped increase the Interface Inc. groups market share within the healthcare and education business sectors.

**Group Strategic Report
for the Period 31 December 2018 to 29 December 2019**

After decades of hard work, the Interface Inc. group has celebrated reaching its Mission Zero goals during 2019, which was focused on becoming climate neutral and eliminating any negative impact the Interface Inc. group has on the environment. Climate Take Back, our next mission, is the Interface commitment to run our business in a way that creates a climate fit for life by not only achieving zero emissions, but actually positively contributing to climate change. Through these missions, the Interface Inc. group aims to retain its position as one of the most sustainable companies in the world and encourages others to follow its example.

Our strategic risk appetite is defined to be low to medium, as we currently have a stable core business. New strategic initiatives are carefully evaluated as to whether or not they actually will add value to our global strategy.

Operational

We have implemented strict operational procedures with regards to quality and safety. These are monitored continuously to assure premium quality products for our customers and a safe working environment for all staff.

To mitigate the risk that the market might not accept a certain product style, we are continuously evaluating and updating our concepts, designs and are renewing our product portfolio. This way we can offer our customers fresh new designs alongside our "best sellers".

To assure continuity in our production and IT environment, disaster and recovery plans and related procedures are in place.

Our operational risk appetite is defined to be low, as we like to avoid product complaints from our customers and mitigate any associated reputational risk.

In terms of the health and safety of our employees, we adopt a zero risk strategy, as our employees are the most important assets of the company.

Financial

There are significant sales markets that are settled in US Dollars and Euros exposing the company to currency risks in these areas. This is monitored on a regular basis within the company and the co-ordinated treasury management across the European subsidiaries of Interface, Inc. reduces the impact of currency exposure.

For each country and sales centre, the European group develop a separate pricing strategy which has a strategic fit with the local market. Changes in pricing and or margin strategies are discussed and evaluated within the Pricing Committee.

The main financial risks arising from the group's and company's activities are credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the statement of financial position date.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new and existing customers and by monitoring payments against contractual agreements.

Liquidity risk is managed through a co-ordinated approach, across the European subsidiaries of Interface Inc., through a mixture of long and short term debt finance and readily accessible bank deposit accounts to ensure that the group and company have sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed and floating interest rates.

Compliance

As a company we are aiming for full compliance with local laws and regulation. Newly hired staff are required to sign a code of conduct. With regards to production, health, safety, HR and other topics we have implemented procedures which enable us to operate in line with high industry standards.

**Group Strategic Report
for the Period 31 December 2018 to 29 December 2019**

SECTION 172(1) STATEMENT

Section 172(1) statement Section 172 of the Companies Act 2006 (the "Act") requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, section 172(1)(a)-(f) of the Act requires directors to have regard to certain stakeholders and matters (amongst other matters). The company engages with its stakeholders, when appropriate, and has processes in place to capture and consider stakeholders' insights and views. In performing their section 172 duties, the directors take into account this stakeholders' feedback, the section 172 matters as well as other factors they consider relevant to their board discussions and decision-making. In light of the new disclosure requirements of Section 172(1) of the Act, set out below are further details on how the directors have had regard to the matters and stakeholders set out in section 172(1) during this financial year:

Likely consequences of any decisions in the long term

Interface Europe Limited is ultimately owned and managed by Interface Inc, based in Atlanta Georgia. They are primarily responsible for guiding the long term direction of the business and are involved in all strategic decisions. No long term decision is made without their involvement and consent. Any decisions taken will be to promote the companies long term mission which is to become climate neutral.

Engagement with employees

The company places a premium on maintaining an expert and qualified employee base in order to provide innovative products and specialized technical service to its customers. As such, the company takes active steps to offering ongoing training programs, both online and academic to enable employees to build on their skills and capabilities. Internal communications are also, designed to ensure that employees are informed of performance and strategy along with regular individual performance reviews. These include regular presentations and meetings with Q&A sessions and townhall meetings with a wide spectrum of colleagues in attendance. In addition, employees may report issues through the whistleblowing hotlines operated by Interface Inc. which may be discussed among the company's directors when appropriate. The integrity of this process is an important part of the governance arrangements of the company and the company group.

Engagement with suppliers, customers and other key stakeholders

Fostering positive and strong business relationships with key stakeholders, such as customers and suppliers, is critical to the creation of sustainable long-term value. As a result of the company group's decentralised model, engagement with customers and suppliers is a matter that is largely delegated to the management teams of each business, who know their businesses best. As such, the directors support the management teams to manage those customer and supplier relationships. In addition, as part of its innovation and product development process, the company has multiple interactions with various partners in a number of jurisdictions around the world to develop commercially viable, environmentally friendly solutions for its customers. The company is also committed to engaging with its shareholder, being Interface Inc., its ultimate parent entity. The directors meet or communicate on a regular basis with Interface senior management, so feedback can be received, and any issues or questions raised can be properly considered.

Impact on the community and the environment

In addition to understanding and having regard to the interests of its stakeholders, the company is committed to reducing the impact of its operations on the community and the environment. Interface Inc., the company's ultimate parent entity, plays a constructive role in promoting the protection and enhancement of the environment as it encourages companies within its group to innovate and invest in new technologies to solve environmental challenges. The company's directors are aligned with this strategy and understand that it is both socially responsible and commercially compelling to develop sustainable solutions that meet or exceed the increasingly stringent environmental standards of the company's customers and regulators. As such, their decision-making is geared towards developing commercially viable, environmentally friendly solutions for the customers of the company and the company group in general.

**Group Strategic Report
for the Period 31 December 2018 to 29 December 2019**

Maintaining a reputation for high standards of business conduct

The company operates in end-markets characterised by long term relationships between stakeholders. Maintaining a strong reputation for high standards of business conduct is vital and Interface Inc, the company's ultimate parent entity, expects all entities within its group and members of the supply chain to act with integrity, acting openly, honestly and ethically. Interface inc maintains effective oversight with respect to business conduct. Integrity is underpinned with global corporate policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training. In addition to the group's core values, all employees must comply with these requirements and when taken together with the group's corporate responsibility commitments, they provide the framework within which the group, including the company, operates both internally and in its markets. Suppliers and contractors are also expected to behave in a consistent, responsible manner.

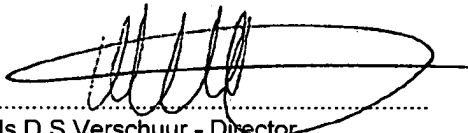
Acting fairly between members

As a wholly owned subsidiary, the directors do not consider the factor set out in section 172(1)(f) (need to act fairly between the members of the company) relevant to the proper discharge of their duty under section 172 of the Act.

KEY PERFORMANCE INDICATORS

The directors closely monitor the group's sales, margin and operating costs, managing business investment in accordance with market conditions. Commentary on these indicators is detailed above.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a dotted line.

Ms D S Verschuur - Director

Date: 4 December 2020

Interface Europe Limited (Registered number: 00309779)

**Report of the Directors
for the Period 31 December 2018 to 29 December 2019**

The directors present their report with the financial statements of the company and the group for the period 31 December 2018 to 29 December 2019.

DIVIDENDS

No dividends will be distributed for the period ended 29 December 2019 (2018: Nil)

DIRECTORS

The directors shown below have held office during the whole of the period from 31 December 2018 to the date of this report.

N W Stansfield
A H van Keken

Other changes in directors holding office are as follows:

Ms D S Verschuur - appointed 10 June 2019

S Carlton ceased to be a director after 29 December 2019 but prior to the date of this report.

CHARITABLE AND POLITICAL DONATIONS

During the year the group made charitable contributions of £2,491 (2018 - £1,468). Additionally, carpet tiles have been donated to several charities at £nil cost in both the current and preceding year.

GOING CONCERN - COVID 19

Narrative in respect of the impact of Covid-19 on the going concern assumption is included in the Strategic report and Accounting policies to these financial statements.

EMPLOYEES

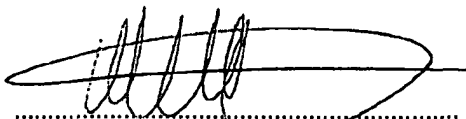
In accordance with the group's Equal Opportunities and Dignity at Work Policy any person with a disability will be afforded equal employment, training and promotion opportunities. In accordance with this policy all reasonable steps will be taken to support the continuation of the employment of anyone who has a disability or who becomes disabled in the course of their employment.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Ms D S Verschuur - Director

Date: 4 December 2020

**Statement of Directors' Responsibilities
for the Period 31 December 2018 to 29 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of Interface Europe Limited

Opinion

We have audited the financial statements of Interface Europe Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 29 December 2019 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Interface Europe Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

BDO LLP

Mark Langford (Senior Statutory Auditor)
for and on behalf of BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Date: 4 December 2020.....

Interface Europe Limited (Registered number: 00309779)

**Consolidated Income Statement
for the Period 31 December 2018 to 29 December 2019**

	Notes	Period 31.12.18 to 29.12.19 £'000 £'000		Period 1.1.18 to 30.12.18 £'000 £'000	
TURNOVER	4		68,293		72,292
Cost of sales			52,010		56,764
GROSS PROFIT			16,283		15,528
Selling and distribution expenses		7,297		7,036	
Administrative expenses		6,511		7,742	
			13,808		14,778
OPERATING PROFIT	7		2,475		750
Interest receivable and similar income	8		2,145		1,286
			4,620		2,036
Other finance costs	22		-		195
PROFIT BEFORE TAXATION			4,620		1,841
Tax on profit	9		3,161		898
PROFIT FOR THE FINANCIAL PERIOD			1,459		943
Profit attributable to: Owners of the parent			1,459		943

The notes on pages 18 to 40 form part of these financial statements

Interface Europe Limited (Registered number: 00309779)

**Consolidated Other Comprehensive Income
for the Period 31 December 2018 to 29 December 2019**

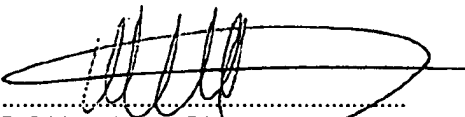
	Notes	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
PROFIT FOR THE PERIOD		1,459	943
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(loss)		(153)	10,770
Deferred tax effect of actuarial movements		29	(1,831)
Deferred tax effect of non actuarial movements		(8)	(101)
Current tax in relation to pension contributions in the year		361	361
Currency translation differences on foreign currency net investments		(75)	21
Income tax relating to components of other comprehensive income		-	-
		<u>154</u>	<u>9,220</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX			
		<u>154</u>	<u>9,220</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,613</u>	<u>10,163</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,613</u>	<u>10,163</u>

The notes on pages 18 to 40 form part of these financial statements

Consolidated Statement of Financial Position
29 December 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		5,708		4,952
Investments	14		-		-
			<u>5,708</u>		<u>4,952</u>
CURRENT ASSETS					
Stocks	15	763		579	
Debtors: amounts falling due within one year	16	66,766		65,527	
Debtors: amounts falling due after more than one year	16	-		200	
Cash at bank		592		803	
		<u>68,121</u>		<u>67,109</u>	
CREDITORS					
Amounts falling due within one year	17	10,389		9,051	
NET CURRENT ASSETS			<u>57,732</u>		<u>58,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>63,440</u>		<u>63,010</u>
CREDITORS					
Amounts falling due after more than one year	18		(22)		(118)
PROVISIONS FOR LIABILITIES	20		(677)		(609)
PENSION ASSET	22		1,993		838
NET ASSETS			<u>64,734</u>		<u>63,121</u>
CAPITAL AND RESERVES					
Called up share capital	21		34,166		34,166
Share premium			5,276		5,276
Retained earnings			25,292		23,679
SHAREHOLDERS' FUNDS			<u>64,734</u>		<u>63,121</u>

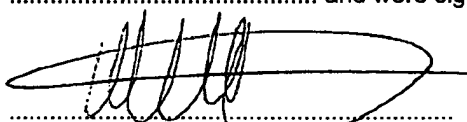
The financial statements were approved by the Board of Directors and authorised for issue on December 4, 2020 and were signed on its behalf by:


Ms D S Verschuur - Director

Company Statement of Financial Position
29 December 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		935		6
Investments	14		19,971		19,971
			<u>20,906</u>		<u>19,977</u>
CURRENT ASSETS					
Stocks	15	703		533	
Debtors: amounts falling due within one year	16	79,654		76,850	
Debtors: amounts falling due after more than one year	16	-		233	
Cash at bank		592		795	
		<u>80,949</u>		<u>78,411</u>	
CREDITORS					
Amounts falling due within one year	17	47,883		44,071	
NET CURRENT ASSETS			<u>33,066</u>		<u>34,340</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			53,972		54,317
CREDITORS					
Amounts falling due after more than one year	18		(22)		(118)
PROVISIONS FOR LIABILITIES	20		(105)		(240)
PENSION ASSET	22		1,993		838
NET ASSETS			<u>55,838</u>		<u>54,797</u>
CAPITAL AND RESERVES					
Called up share capital	21		34,166		34,166
Share premium			5,276		5,276
Retained earnings			16,396		15,355
SHAREHOLDERS' FUNDS			<u>55,838</u>		<u>54,797</u>
Company's profit/(loss) for the financial year			<u>812</u>		<u>(263)</u>

The financial statements were approved by the Board of Directors and authorised for issue on December 4, 2020 and were signed on its behalf by:


.....
Ms D S Verschuur - Director

**Consolidated Statement of Changes in Equity
for the Period 31 December 2018 to 29 December 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2018	34,166	13,516	5,276	52,958
Changes in equity				
Total comprehensive income	-	10,163	-	10,163
Balance at 30 December 2018	<u>34,166</u>	<u>23,679</u>	<u>5,276</u>	<u>63,121</u>
Changes in equity				
Total comprehensive income	-	1,613	-	1,613
Balance at 29 December 2019	<u><u>34,166</u></u>	<u><u>25,292</u></u>	<u><u>5,276</u></u>	<u><u>64,734</u></u>

Interface Europe Limited (Registered number: 00309779)

**Company Statement of Changes in Equity
for the Period 31 December 2018 to 29 December 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2018	34,166	6,419	5,276	45,861
Changes in equity				
Total comprehensive income	-	8,936	-	8,936
Balance at 30 December 2018	34,166	15,355	5,276	54,797
Changes in equity				
Total comprehensive income	-	1,041	-	1,041
Balance at 29 December 2019	34,166	16,396	5,276	55,838

The notes on pages 18 to 40 form part of these financial statements

Consolidated Statement of Cash Flows
for the Period 31 December 2018 to 29 December 2019

		Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
	Notes		
Cash flows from operating activities			
Cash generated from operations	27	1,894	(26)
Tax paid		(471)	(420)
Overseas tax paid		-	(21)
Net cash from operating activities		<u>1,423</u>	<u>(467)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,821)	(37)
Sale of tangible fixed assets		187	-
Net cash from investing activities		<u>(1,634)</u>	<u>(37)</u>
Decrease in cash and cash equivalents		<u>(211)</u>	<u>(504)</u>
Cash and cash equivalents at beginning of period	28	803	1,307
Cash and cash equivalents at end of period	28	<u>592</u>	<u>803</u>

**Notes to the Consolidated Financial Statements
for the Period 31 December 2018 to 29 December 2019**

1. GENERAL INFORMATION

Interface Europe 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 General Information page.

The financial statements are prepared in sterling which is the functional currency of the group.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements of Interface Europe Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (note 3).

3. ACCOUNTING POLICIES

Basis of preparing the financial statements and going concern

On January 30th 2020, the World Health Organization (hereafter: WHO) declared a health emergency, caused by the COVID-19 outbreak. On March 11th 2020, the WHO declared COVID-19 a global pandemic. The worldwide crisis impacts several companies, which is also the case for Interface Europe Limited. As a result of the COVID-19 outbreak, the revenue, margins and result for 2020 will be under pressure. The financial effect of the COVID-19 outbreak is uncertain as the duration and the effects of the crisis on the economic situation in the UK are uncertain. The Interface group is acting to minimize impact of the COVID-19 outbreak on its business where possible, for example by making use of Employee Retention Schemes as offered in the UK. Group leadership has worked diligently to support the health and wellbeing of its employees while also maintaining operations.

The Interface global group has a strong financial position and Group management is optimistic it will navigate the Interface group through these challenging times. The company's parent company is Interface Europe Holding BV. As Interface Europe Holding BV is a subsidiary of the wider Interface Inc group, based in the USA, the group is considered to have adequate net assets to conclude that no recoverability issues are noted over the intercompany amounts due. In addition, Interface Europe Holding BV confirm that it is their present intention to provide sufficient financial resources, so as to enable Interface Europe Limited (the company) both to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations, for a minimum period of 12 months from approval of the statutory financial statements. The company meets its day to day working capital requirements through operating cash flows, access to a cash pooling arrangement provided by Interface Europe Holding BV and continued financial support from the wider group. In undertaking their review, the directors have prepared financial projections for the period of twelve months from the date of issue of these financial statements. Contingency plans for various scenarios have been considered to preserve financial resources including reliance on support from group should this be required. An assessment has been made by group management which concluded Interface Inc has sufficient available headroom within its liquidity and assets to provide such support if required.

For the 31 December 2019 financial statements, the financial reporting effects of the COVID-19 outbreak is a non-adjusting event because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date. Despite the continued disruption of the global economy due to COVID-19, and the significant level of uncertainty created by the global pandemic, we do not believe that the impact of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. Therefore, we believe that the accounting principles can be maintained on a going concern base. The principles of valuation and determination of results used in these financial statements are therefore based on the assumptions of continuity of the company.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

The financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The year end 2019 refers to the period from 31 December 2018 to 29 December 2019. The comparative year end refers to the period 1 January 2018 to 30 December 2018.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings. No income statement is presented for Interface Europe Ltd as permitted by section 408 of the Companies

A subsidiary is an undertaking controlled by the group. Control is the power to govern financial and operating policies of an entity so as to obtain benefit from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

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

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland", not to disclose related party transactions with wholly owned companies within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Profit is recognised on supply and fit contracts if the final outcome can be assessed with reasonable certainty, by including, in the income statement, turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the income statement over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Patents and trademarks are stated at cost less depreciation. Goodwill, patents and trademarks are amortised on a straight line basis for a period not exceeding twenty years which the directors consider to be their useful economic life.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, 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:

Leasehold improvements -	over the period of the lease
Plant, machinery, and motor vehicles -	8.33% - 33.33% per annum
Fixtures, fittings and equipment -	10% - 50% per annum

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Work in progress

Work in progress represents accrued income on supply and fit contracts, where the final outcome can be assessed with reasonable certainty. Work in progress is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: (a) the company has a legally enforceable right to set off current tax assets against current liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

3. ACCOUNTING POLICIES - continued

Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Foreign currencies

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 statement of financial position date. Exchange differences arising from the retranslation of the opening net investment in overseas subsidiary undertakings at the year end rate are taken directly to reserves. All other differences are taken to the income statement.

Sale and leasebacks

Sale and leasebacks, by means of an operating lease, are accounted for in the same manner as a standard operating lease. On sale the asset is removed and the profit deferred over the lease term.

Operating lease rentals

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Pension costs

The pension costs for defined contribution schemes are the contributions payable in the year.

For defined benefit schemes, pensions scheme assets are measured using bid prices, and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items, and, in the statement of comprehensive income, actuarial gains and losses.

Share-based payments

Where restricted share awards are granted to employees they vest with respect to each recipient over a three year period from the grant date, provided the individual remains in the employment or service of the

Company as of the vesting date. Additionally, these shares (or a portion thereof) could vest earlier upon the attainment of certain performance criteria, in the event of a change in control of the company, or upon involuntary termination without cause. The expense in relation to these awards is calculated by reference to the market value of the shares at the date of the grant, and recognised over the vesting period.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

3. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments - other investments, trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals, bank loans and other loans.

Other investments, trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals and other loans are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payments, discounted at market rate of interest and subsequently measured at amortised cost using the effective rate of interest.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets

An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had the impairment loss not been recognised.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

3. ACCOUNTING POLICIES - continued

Critical accounting judgements and sources of estimation uncertainty

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

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

The critical judgements that the directors have made in applying the group's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Retirement benefit obligations

The group operates defined benefit schemes. Asset valuations are based on the fair value of assets. The valuation of liabilities of the schemes are based on statistical and actuarial calculations, using various assumptions including discount rates, future salary and pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could impact the assets and liabilities recognised in the balance sheet in future periods.

Operating lease commitments

The group has entered into commercial leases as lessee to obtain the use of property, plant and equipment. The classification of such leases as operating or finance leases requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it remains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires the recognition of an asset and liability in the balance sheet.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
Interior floor coverings	52,284	56,392
Toll manufacture	8,841	9,380
Provision of admin services	7,168	6,520
	<u>68,293</u>	<u>72,292</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

4. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
United Kingdom	38,116	41,028
Europe	22,963	21,640
Asia	434	561
Other	6,780	9,063
	<u>68,293</u>	<u>72,292</u>

Substantially all of the group's turnover, profits and net assets arise from UK operations.

5. EMPLOYEES AND DIRECTORS

Staff costs (including directors) consist of:

	Group 2019 £'000	Group 2018 £'000
Wages and salaries	11,768	11,845
Social security costs	1,338	1,373
Other pension costs	832	759
	<u>13,938</u>	<u>13,977</u>

The average number of employees (including directors) during the year was as follows:

	Group 2019 Number	Group 2018 Number
Sales, marketing and distribution	78	69
Direct production	137	137
Administration	29	46
Management	32	31
	<u>276</u>	<u>283</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

6. DIRECTORS' EMOLUMENTS

	2019 £'000	2018 £'000
Fees and remuneration	633	743
Amounts receivable under long term incentive schemes	387	135
Payments to defined contribution pension schemes	6	18
	<u>6</u>	<u>18</u>

Two directors (2019: three) received payments through the group payroll.

One director (2018: one) was a member of a defined contribution scheme.

One director (2018: one) received shares under a long term incentive scheme.

Highest paid director

The highest paid director emoluments consist of:

	2019 £'000	2018 £'000
Emoluments and amounts receivable under long-term incentive plans	993	694
	<u>993</u>	<u>694</u>

7. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2019 £'000	2018 £'000
Deferred profit on sale of fixed assets	-	(65)
Depreciation - owned fixed assets	878	981
Operating lease rentals:		
- plant and machinery	1,175	824
- other	395	434
Auditors' remuneration for the audit of the company's annual accounts	30	77
Fees payable to the company's auditors other services pursuant to legislation	75	67
Share based payment expense	412	349
Exchange differences	162	(107)
	<u>162</u>	<u>(107)</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
From fellow subsidiary undertakings	2,081	1,286
Interest received on pension scheme assets	64	-
	<u>2,145</u>	<u>1,286</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

9. TAXATION

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits of the year	942	928
Tax underprovided in previous year	2,072	(9)
Overseas tax	-	24
Overseas tax underprovided in previous year	-	1
Total current tax	3,014	944
Deferred tax		
Origination and reversal of timing differences	147	(46)
Taxation on profit on ordinary activities	3,161	898

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	4,620	1,841
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	865	350
Effects of:		
Expenses not deductible for tax purposes	174	75
Other timing differences	50	493
Difference in overseas tax	-	(12)
Tax underprovided in previous years	2,072	(8)
Tax charge for year	3,161	898

Late 2018, HMRC opened an investigation into the 2015 corporation tax return of Interface Europe Ltd and raised discovery assessments in relation to the 2012, 2013, 2014 corporation tax returns of the company. During the process, the corporate tax returns for 2015, 2016 and 2017 were added to the discussion.

During 2020, Interface concluded an agreement with HMRC, following which HMRC has issued corrected tax assessments for the years 2012-2017. These assessments were recorded in the 2019 financial statements, along with an adjusted corporate tax liability for the years 2018 and 2019.

The signing of the agreement with HMRC has opened the way for Interface to request a Mutual Agreement Procedure (MAP) between HMRC and the Dutch Tax authorities. During the course of this MAP, payment of the above-mentioned tax assessments is suspended.

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The total comprehensive income as per the company statement of changes in equity of £1,041,000 (2018: £8,936,000) includes £229,000 (2018: £9,199,000) of other comprehensive income.

11. PRIOR YEAR ADJUSTMENT

The presentation of distribution cost and cost of sales for the period ending 2018 have been changed on reflection of the activities of a subsidiary within the group. The effect of this is an increase to cost of sales of £2,601,000 and a reduction to administrative expenses of £2,601,000, further resulting in a reduction of gross profit from £18,129,000 to £15,528,000.

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Patents & trademarks £'000	Intellectual property rights £'000	Totals £'000
COST				
At 31 December 2018 and 29 December 2019	14,119	6	357	14,482
AMORTISATION				
At 31 December 2018 and 29 December 2019	14,119	6	357	14,482
NET BOOK VALUE				
At 29 December 2019	-	-	-	-
At 30 December 2018	-	-	-	-

Company

	Goodwill £'000	Patents & trademarks £'000	Intellectual property rights £'000	Totals £'000
COST				
At 31 December 2018 and 29 December 2019	2,887	6	357	3,250
AMORTISATION				
At 31 December 2018 and 29 December 2019	2,887	6	357	3,250
NET BOOK VALUE				
At 29 December 2019	-	-	-	-
At 30 December 2018	-	-	-	-

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

13. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
COST			
At 31 December 2018	1,982	14,703	16,685
Additions	1,193	628	1,821
Disposals	-	(319)	(319)
	<u>3,175</u>	<u>15,012</u>	<u>18,187</u>
At 29 December 2019			
DEPRECIATION			
At 31 December 2018	929	10,804	11,733
Charge for period	152	726	878
Eliminated on disposal	-	(132)	(132)
	<u>1,081</u>	<u>11,398</u>	<u>12,479</u>
At 29 December 2019			
NET BOOK VALUE			
At 29 December 2019	<u>2,094</u>	<u>3,614</u>	<u>5,708</u>
At 30 December 2018	<u>1,053</u>	<u>3,899</u>	<u>4,952</u>

Company

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
COST			
At 31 December 2018	474	8	482
Additions	843	177	1,020
	<u>1,317</u>	<u>185</u>	<u>1,502</u>
At 29 December 2019			
DEPRECIATION			
At 31 December 2018	474	2	476
Charge for period	52	39	91
	<u>526</u>	<u>41</u>	<u>567</u>
At 29 December 2019			
NET BOOK VALUE			
At 29 December 2019	<u>791</u>	<u>144</u>	<u>935</u>
At 30 December 2018	<u>-</u>	<u>6</u>	<u>6</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

14. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £'000
COST	
At 31 December 2018 and 29 December 2019	31
PROVISIONS	
At 31 December 2018 and 29 December 2019	31
NET BOOK VALUE	
At 29 December 2019	-
At 30 December 2018	-

Company

	Shares in group undertakings £'000	Unlisted investments £'000	Totals £'000
COST			
At 31 December 2018 and 29 December 2019	19,971	31	20,002
PROVISIONS			
At 31 December 2018 and 29 December 2019	-	31	31
NET BOOK VALUE			
At 29 December 2019	19,971	-	19,971
At 30 December 2018	19,971	-	19,971

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Interface Ireland Limited

Registered office: Ireland

Nature of business: Distribution of interior floor coverings

Class of shares:	%
Ordinary	holding 100.00

Interface UK Manufacturing Limited

Registered office: UK

Nature of business: Toll manufacture of interior floor coverings

Class of shares:	%
Ordinary	holding 100.00

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

14. FIXED ASSET INVESTMENTS - continued

Interface Administration Services Limited

Registered office: UK

Nature of business: Provision of administration services

	%
Class of shares:	holding
Ordinary	100.00

Interface MEA International Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Interface Europe Pension Scheme Trustees Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Interface Europe Share Participation Trustees Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

TF Firth & Sons Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Firth Carpets Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

15. STOCKS

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Work-in-progress	294	265	294	265
Finished goods	469	314	409	268
	<u>763</u>	<u>579</u>	<u>703</u>	<u>533</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

16. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	10,921	12,887	9,415	11,445
Amounts owed by group undertakings	54,943	51,944	69,974	65,183
Other debtors	283	106	5	13
VAT	-	44	-	-
Prepayments and accrued income	619	546	260	209
	<u>66,766</u>	<u>65,527</u>	<u>79,654</u>	<u>76,850</u>
Amounts falling due after more than one year:				
Other debtors	-	200	-	200
Deferred tax asset	-	-	-	33
	<u>-</u>	<u>200</u>	<u>-</u>	<u>233</u>
Aggregate amounts	<u>66,766</u>	<u>65,727</u>	<u>79,654</u>	<u>77,083</u>

Intercompany balances are unsecured, have no fixed date of repayment and are repayable on demand.

Other debtors falling due after more than one year relate to a rent deposit held in relation to the UK headquarters at Shelf, which is repayable in instalments over four years.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	960	752	611	608
Amounts owed to group undertakings	2,477	3,979	42,313	41,175
Tax	2,367	185	2,057	5
Social security and other taxes	2,240	1,354	1,767	864
Other creditors	1,462	2,300	731	1,261
Accruals and deferred income	883	481	404	158
	<u>10,389</u>	<u>9,051</u>	<u>47,883</u>	<u>44,071</u>

Intercompany balances are unsecured, have no fixed date of repayment and are repayable on demand.

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Accruals and deferred income	<u>22</u>	<u>118</u>	<u>22</u>	<u>118</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	912	912
Between one and five years	3,166	1,372
	<u>4,078</u>	<u>2,284</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	766	258
Between one and five years	2,769	245
	<u>3,535</u>	<u>503</u>

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018	2019	2018
Deferred tax	£'000	£'000	£'000	£'000
Accelerated capital allowances	464	364	64	(20)
Other timing differences	(12)	(22)	(2)	(13)
Deferred tax liability/ (asset) per the financial statements	452	342	62	(33)
Pension timing difference (netted off pension asset/ liability)	467	452	467	452
Deferred tax liability	919	794	530	419
Deferred tax liability/ (asset) per the financial statements	452	342	62	(33)
Restructuring provision	225	267	43	240
Aggregate amounts	677	609	105	207
Group				
			Deferred tax	Restructuring provision
			£'000	£'000
Balance as 31 December 2018			794	267
Charged/ (credited) to the income statement			147	(42)
Charged/ (credited) to other comprehensive income			(22)	-
Balance at 29 December 2019			919	225

A deferred tax asset of £1,746,000 (2018: £1,746,000) in respect of capital losses has not been recognised as there is uncertainty concerning the availability of suitable future taxable profits against which this asset can be offset.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	2018
			£'000	£'000
63,579,407	Ordinary Shares	50p	31,790	31,790
23,766,677	'A' Ordinary Shares	10p	2,376	2,376
			34,166	34,166

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

21. CALLED UP SHARE CAPITAL - continued

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

The priority and amounts receivable in the event of the winding up of the company are as follows:

'A' Ordinary shares	10p per share
Ordinary shares	50p per share

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

22. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme that pays out pensions at retirement based on service and final salary. The Scheme closed to future accrual on 1 April 2010. The assets of the Scheme are held separately from those of the company.

The funding policy is agreed between the Scheme trustees and the company and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation.

Contributions of £1,900,000 were made during the year (2018 - £1,900,000). Continuing company contributions have been agreed with the trustees and the company expects to contribute £2,400,000 to its defined benefit pension scheme in 2020.

The numbers below are based on the results of the full actuarial valuation of the Scheme as at 5 April 2015. The valuation results have been adjusted to the reporting date, by a qualified independent actuary on a FRS 102 basis, using an approximate roll-forward approach, allowing for benefits paid for members over the period. The projected unit method has been used to calculate the liabilities.

	2019 £'000	2018 £'000
Change in benefit obligation during the year:		
Benefit obligation at 31 December 2018	(123,928)	(142,251)
Movement in year:		
Past service cost	-	(2,072)
Interest cost	(3,494)	(3,494)
Actuarial gains / (losses)	(11,088)	18,571
Benefits paid from Scheme	6,973	5,588
Benefit obligation at 29 December 2019	(131,537)	(123,928)
	2019 £'000	2018 £'000
Change in Scheme assets during the year:		
Fair value of Scheme assets at 31 December 2018	125,218	133,812
Movement in year:		
Interest income	3,558	3,299
Actuarial (losses) / gains on Scheme assets	10,935	(7,801)
Employer contributions	1,900	1,900
Administration expenses	(641)	(404)
Benefits paid from Scheme	(6,973)	(5,588)
Fair value of Scheme assets at 29 December 2019	133,997	125,218
	2019 £'000	2018 £'000
Amounts recognised in the statement of financial position:		
Present value of wholly or partly funded obligations	(131,537)	(123,928)
Fair value of Scheme assets	133,997	125,218
Scheme surplus / (deficit)	2,460	1,290
Related deferred tax (liability) / asset	(467)	(452)
Net asset / (liability)	1,993	838

Notes to the Consolidated Financial Statements - continued
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Components of pension expense:

	2019 £'000	2018 £'000
Amount recognised in the income statement		
Administration expenses	(641)	(404)
Recognised in arriving at operating profit	(641)	(404)
Net interest on the defined benefit asset / (liability)	64	(195)
Total recognised in the income statement	(577)	(599)
Actual return less expected return on pension scheme assets	10,935	(7,801)
Experience gains and losses arising on the Scheme liabilities	(11,088)	18,751
	(153)	10,770
Analysis of amount recognised in statement of comprehensive income		
Actuarial gains / (losses)	(153)	10,770
Cumulative amount of actuarial losses recognised in the statement of comprehensive income	(22,109)	(21,956)

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

Principal actuarial assumptions:

	2019	2018
Assumptions to determine benefit obligations		
Discount rate	2.10%	2.90%
Rate of RPI price inflation	3.00%	3.25%
Rate of CPI price inflation	2.10%	2.25%
Rate of pension increases (RPI capped at 5.0%)	2.95%	3.10%
Rate of pension increases (RPI capped at 2.5%)	2.15%	2.10%
Assumptions to determine net pension cost		
Discount rate	2.10%	2.90%
Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:	2019	2018
Members aged 65 (Current male life expectancy)	21 years	21.5 years
Members aged 45, male life expectancy at age 65	22 years	22.5 years
Scheme assets	2019	2018
Percentage of Scheme assets by asset allocation		
Equities	25%	25%
Bonds / other	75%	75%
	100%	100%
Statement of financial position reconciliation	2019 £'000	2018 £'000
Gross statement of financial position liability 31 December 2018	1,290	(8,709)
Pension expense recognised in income statement in the financial year	(577)	(599)
Amounts recognised in statement of comprehensive income in the financial year	(153)	8,698
Actual contributions made by the company in the financial year	1,900	1,900
Gross statement of financial position asset / (liability) at 29 December 2019	2,460	1,290

23. ULTIMATE PARENT COMPANY

The directors regard Interface Inc., a company incorporated in the United States of America, as the company's ultimate parent undertaking. The immediate parent undertaking is Interface Europe Holding BV, a company incorporated in the Netherlands, which is the smallest group of which Interface Europe Ltd is a member.

Interface Inc. is the parent undertaking of the largest group of which Interface Europe Ltd is a member and for which group accounts are drawn up. Copies of those group accounts are available from 1280 West Peachtree Street, Atlanta, Georgia, 30309, USA.

**Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019**

24. CONTINGENT LIABILITIES

Late 2018, HMRC opened an investigation into the 2015 corporation tax return of Interface Europe Ltd and raised discovery assessments in relation to the 2012, 2013, 2014 corporation tax returns of the company. During the process, the corporate tax returns for 2015, 2016 and 2017 were added to the discussion.

During 2020, Interface concluded an agreement with HMRC, following which HMRC has issued corrected tax assessments for the years 2012-2017. These assessments were recorded in the 2019 financial statements, along with an adjusted corporate tax liability for the years 2018 and 2019.

The signing of the agreement with HMRC has opened the way for Interface to request a Mutual Agreement Procedure (MAP) between HMRC and the Dutch Tax authorities. During the course of this MAP, payment of the above-mentioned tax assessments is suspended.

25. RELATED PARTY DISCLOSURES

The total remuneration for key management personnel including directors for the period totalled £1,610,000 (2018 - £1,424,000).

26. SHARE-BASED PAYMENT TRANSACTIONS

Interface Inc. operates a restricted stock award scheme in its own shares for certain senior employees and directors of the group. Certain UK employees are eligible to participate in the Scheme. The awards vest over a three year period from the date of grant, provided that the employee remains in the employment or service of the company as of the vesting date. Additionally the awards vest earlier upon attainment of certain performance criteria, in the event of change of control of the company, or upon involuntary termination without cause. The awards have an exercise price of £nil.

	2019 Number	2018 Number
Outstanding at the beginning of the year	56,029	49,897
Granted during the year	49,589	20,709
Surrendered during the year	-	(645)
Vested during the year	(29,964)	(13,932)
Outstanding at the end of the year	<u>75,654</u>	<u>56,029</u>

All awards that vest are effectively exercised on the same date.

The weighted average share price at the date of vesting of the share awards was \$17.15 (2018 - \$23.59).

The weighted average fair value of the awards granted during the year was \$17.54 (2018 - \$25.70). The fair value of the awards granted has been calculated by reference to the market value of the Interface Inc. shares at the date of the grant.

The share-based remuneration expense (note 7) comprises:

	2019 £'000	2018 £'000
Equity-settled schemes	<u>400</u>	<u>325</u>

The group did not enter into any share-based payment transactions with parties other than directors or employees during the current or preceding period.

Notes to the Consolidated Financial Statements - continued
for the Period 31 December 2018 to 29 December 2019

27. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
Profit before taxation	4,620	1,841
Depreciation charges	878	981
Profit on disposal of fixed assets	-	(65)
Foreign exchange gains / (losses)	(75)	21
Employer contributions	(1,900)	(1,900)
Pension scheme administration expenses	641	2,476
Increase / (decrease) in provisions	(42)	56
Finance costs	-	195
Finance income	(2,145)	(1,286)
	<u>1,977</u>	<u>2,319</u>
(Increase)/decrease in stocks	(184)	221
Decrease/(increase) in trade and other debtors	1,041	(3,361)
(Decrease)/increase in trade and other creditors	(940)	795
Cash generated from operations	<u><u>1,894</u></u>	<u><u>(26)</u></u>

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 29 December 2019

	29.12.19 £'000	31.12.18 £'000
Cash and cash equivalents	<u>592</u>	<u>803</u>

Period ended 30 December 2018

	30.12.18 £'000	1.1.18 £'000
Cash and cash equivalents	<u>803</u>	<u>1,307</u>

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 31.12.18 £'000	Cash flow £'000	At 29.12.19 £'000
Net cash			
Cash at bank	<u>803</u>	<u>(211)</u>	<u>592</u>
	<u>803</u>	<u>(211)</u>	<u>592</u>
Total	<u><u>803</u></u>	<u><u>(211)</u></u>	<u><u>592</u></u>

30. POST BALANCE SHEET EVENTS

The COVID-19 pandemic, as referred to in the going concern section of this report, is considered a non-adjusting post statement of financial position event, and therefore no impact on the carrying value of assets at the statement of financial position date is noted. Consideration of the impact of this on the going concern status of the business is included above in the directors report and in the going concern accounting policy. As discussed in the directors report, the implications of the COVID-19 pandemic have been considered with regard to their impact on the business in the future.