

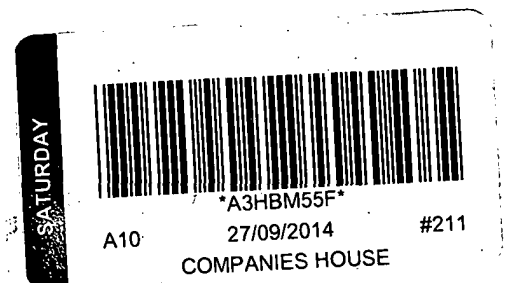
Interface UK Manufacturing Limited

Report and Financial Statements

Year Ended

29 December 2013

Company Number 7365225



Interface UK Manufacturing Limited

Report and financial statements for the year ended 29 December 2013

Contents

Page:

1	Strategic report
2	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

J Hasselman
S Carlton

Secretary and registered office

S Carlton, Shelf Mills, Halifax, West Yorkshire, HX3 7PA

Company number

7365225

Auditors

BDO LLP, Fountain Precinct, Balm Green, Sheffield, S1 2JA

Interface UK Manufacturing Limited

Strategic report for the year ended 29 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 29 December 2013.

Principal activities

The company's principal activity in the year was the toll manufacture of interior floor coverings for other group companies.

Review of the business and future developments

The profit and loss account is set out on page 5 and shows turnover for the period of £7,665,000 (2012 - £8,945,000) and profit after taxation for the period of £543,000 (2012 - loss of £428,000). The loss for the comparative year included exceptional restructuring costs of £5,512,000, which comprised the costs of a redundancy programme affecting the group's manufacturing and distribution functions, together with associated asset write downs to expected disposal value. Interface European Manufacturing BV made a contribution of £4,000,000 towards the cost of the restructuring.

The economic environment for 2014 remains highly uncertain. Overall we expect the sales and profitability to be at similar levels as in 2013. Interface will continue to emphasise on design, and will introduce a wide range of new products and designs in 2014.

The company is committed to providing a safe environment to all employees. Reported accidents, those involving three or more days absence from work, for the UK sites were 5 (2012 - 2).

Principal risks and uncertainties

The nature of the company's operations exposes it to the risks of the wider Interface Inc. group.

A significant proportion of the group's business is in the corporate office sector and the performance of this sector remains an important factor in the performance of the group as a whole. The group seeks to manage this risk by continuing the development of other business segments, such as hospitality, education, healthcare and government. Additionally the group is seeking to convert traditional broadloom customers to modular flooring.

The main financial risk arising from the group's activities, applicable to the company, is liquidity risk. The group seeks to manage this risk and monitors it regularly. Liquidity risk is managed through a co-ordinated approach, across the group's European subsidiaries through a mixture of long term 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 interest rates.

Key performance indicators

The directors closely monitor the company's operating costs, managing business investment in accordance with market conditions. Cost of sales for the year of £6,859,000 compared with £8,049,000 for the previous year, representing a decrease of 14.8%.

Approval

This strategic report was approved by order of the Board on 26 September 2014



S Carlton
Secretary

Interface UK Manufacturing Limited

Report of the directors for the year ended 29 December 2013

The directors present their report together with the audited financial statements for the year ended 29 December 2013.

Directors

The directors of the company during the year were:

J Hasselman
S Carlton

Directors' responsibilities

The directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 show and explain the company's transactions, disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

By order of the Board



S Carlton
Secretary

Date 26 September 2014

Interface UK Manufacturing Limited

Independent auditor's report

TO THE MEMBER OF INTERFACE UK MANUFACTURING LIMITED

We have audited the financial statements of Interface UK Manufacturing Limited for the year ended 29 December 2013 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2013 and of its profit for the year 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Interface UK Manufacturing Limited

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

BDO LLP

Craig Burton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Sheffield
United Kingdom

Date *26 September 2014*

(BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)).

Interface UK Manufacturing Limited

Profit and loss account for the year ended 29 December 2013

	Note	2013 £'000	2012 £'000
Turnover	3	7,665	8,945
Cost of sales		(6,859)	(8,049)
Gross profit and operating profit	4	806	896
Income received towards the costs of a fundamental restructuring	5	-	4,000
Costs of a fundamental restructuring	5	(17)	(5,512)
Profit/(loss) on ordinary activities before finance charges	3	789	(616)
Interest receivable and similar income		4	-
Interest payable and similar charges		(3)	(4)
Profit/(loss) on ordinary activities before taxation		790	(620)
Taxation on profit/(loss) from ordinary activities	8	(247)	192
Profit/(loss) on ordinary activities after taxation	14	543	(428)

There are no recognised gains or losses other than the result for the year.

There are no movements in shareholder's funds in the current or prior year other than the profit/(loss) for the year.

The notes on pages 7 to 14 form part of these financial statements.

Interface UK Manufacturing Limited

Balance sheet
at 29 December 2013

Company number 7365225	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	9	6,665	4,971
Current assets			
Debtors			
- due within one year	10	3,139	5,173
- due after more than one year	10	-	67
Cash at bank and in hand		12	102
		3,151	5,342
Creditors: amounts falling due within one year	11	(2,535)	(3,321)
Net current assets		616	2,021
Total assets less current liabilities		7,281	6,992
Provisions for liabilities	12	(216)	(470)
Net assets		7,065	6,522
Capital and reserves			
Called up share capital	13	5,879	5,879
Profit and loss account	14	1,186	643
Shareholder's funds		7,065	6,522

The financial statements were approved by the Board of Directors and authorised for issue on **26 September 2014**



S Carlton
Director

The notes on pages 7 to 14 form part of these financial statements.

Interface UK Manufacturing Limited

Notes forming part of the financial statements for the year ended 29 December 2013

1 Accounting policies

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

Turnover

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Turnover is recognised when the services are provided.

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:

Buildings	-	2 - 10% per annum
Plant, machinery and motor vehicles	-	$8\frac{1}{3}$ - $33\frac{1}{3}$ % per annum
Fixtures, fittings and equipment	-	10 - 50% per annum

Leased assets

Annual rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pensions

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

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent which prepares a consolidated cash flow statement.

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (continued)

2 Comparative figures

The analysis between continuing and discontinued operations for the year ended 30 December 2012 is shown below.

	Continuing 2012 £'000	Discontinued 2012 £'000	Total 2012 £'000
Turnover	6,850	2,095	8,945
Cost of sales	(6,164)	(1,885)	(8,049)
	<u>686</u>	<u>210</u>	<u>896</u>

Discontinued operations relate to the manufacturing and distribution operations at Shelf, operated by Interface UK Manufacturing Limited.

3 Turnover

Turnover is derived from a single class of business carried out in the UK, that of the toll manufacture of interior floor coverings.

4 Operating profit is stated after charging:

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets - owned fixed assets	645	663
Operating lease rentals:		
- plant and machinery	454	395
- other	32	64
	<u>645</u>	<u>663</u>

The audit fee of £4,000 (2012 - £4,000) has been borne by another group company, Interface Administration Services Limited.

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (continued)

6 Employees

Number of employees

The average weekly number of persons (including directors) recharged to the company during the year was:

	2013 Number	2012 Number
Production	137	179
Management	3	4
	<u>140</u>	<u>183</u>

	2013 £'000	2012 £'000
Employment costs (including directors)		
Wages and salaries	4,224	5,467
Social security costs	347	480
Pension and other costs	156	371
	<u>4,727</u>	<u>6,318</u>

The employment costs of Interface UK Manufacturing Limited are recharged from Interface Europe Limited, the company which holds the contracts of employment for all UK based staff.

7 Information regarding directors

Emoluments

No directors received any remuneration in respect of their services to the company during the year.

5 Costs of a fundamental restructuring

The comparative year restructuring costs of £5,512,000 relate to the closure of manufacturing and distribution operations at Shelf. As the restructuring has had a material effect on the nature and focus of the group's operations the costs have been charged after operating profit in accordance with FRS 3 'Reporting Financial Performance'. The restructuring costs can be analysed as follows:

	2013 £'000	2012 £'000
Asset write downs	-	1,998
Redundancies	-	2,555
Plant and machinery dismantling and removal costs	-	721
Other	17	238
	<u>17</u>	<u>5,512</u>

Interface European Manufacturing BV made a contribution of £4,000,000 towards the cost of the restructuring in the comparative year.

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (continued)

8 Taxation on profit/(loss) from ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax on profit/(loss) of the year	(65)	156
Tax underprovided in previous years	100	80
	<hr/>	<hr/>
Total current tax	35	236
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 12)	212	(428)
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities	247	(192)
	<hr/>	<hr/>

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

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before tax	790	(620)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	184	(152)
Effects of:		
Expenses not deductible for tax purposes	-	1
Capital allowances in (excess)/deficit of depreciation	(212)	335
Short term timing differences	(37)	(28)
Tax underprovided in previous years	100	80
	<hr/>	<hr/>
Current tax charge for year	35	236
	<hr/>	<hr/>

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (*continued*)

9 Tangible fixed assets

	Land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
<i>Cost</i>			
At 31 December 2012	656	11,955	12,611
Additions	-	2,339	2,339
At 29 December 2013	656	14,294	14,950
<i>Depreciation</i>			
At 31 December 2012	441	7,199	7,640
Charge for the year	32	613	645
At 29 December 2013	473	7,812	8,285
<i>Net book value</i>			
At 29 December 2013	183	6,482	6,665
At 31 December 2012	215	4,756	4,971

10 Debtors

	2013 £'000	2012 £'000
<i>Amounts due within one year:</i>		
Amounts owed by group undertakings	2,855	4,892
VAT recoverable	56	65
Other debtors	3	14
Prepayments and accrued income	225	202
	3,139	5,173
<i>Amounts due after more than one year:</i>		
Deferred tax (see note 12)	-	67
	3,139	5,240

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (continued)

11 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	752	239
Amounts owed to group undertakings	1,271	1,963
Corporation tax	140	88
Other taxes and social security cost	88	132
Accruals and deferred income	284	899
	<u>2,535</u>	<u>3,321</u>

Amounts owed to group undertakings have no fixed repayment date and bear no interest.

12 Provisions for liabilities

	Deferred tax £'000	Restructuring provision £'000	Total £'000
At 31 December 2012	-	470	470
Transferred from debtors	(67)	-	(67)
Credit to profit and loss account	212	-	212
Utilised in the year	-	(399)	(399)
	<u>145</u>	<u>71</u>	<u>216</u>
At 29 December 2013			

The restructuring provision relates to future costs that are anticipated to be incurred in relation to the cessation of manufacturing at the Shelf site as detailed at note 5. The costs are expected to be incurred during the next year.

Deferred tax provided in the financial statements is as follows:

	Provided 2013 £'000	Provided 2012 £'000
Accelerated capital allowances	(147)	65
Other timing differences	2	2
	<u>(145)</u>	<u>67</u>

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (*continued*)

13 Called up share capital

	2013 Number	2012 Number	2013 £'000	2012 £'000
<i>Allotted, called up and fully paid</i> Ordinary shares of £1.00 each	5,878,832	5,878,832	5,879	5,879
	<u>5,878,832</u>	<u>5,878,832</u>	<u>5,879</u>	<u>5,879</u>

14 Reserves

	Profit and loss account
At 31 December 2012	643
Profit for the year	543
	<u>1,186</u>
At 29 December 2013	

15 Financial commitments - operating leases

At 29 December 2013, the company had annual commitments under non-cancellable operating leases as follows:

	2013 Land and buildings £'000	2013 Other £'000	2012 Land and buildings £'000	2012 Other £'000
Expiry date:				
Within one year	240	22	-	9
Between two and five years	-	54	240	43
	<u>240</u>	<u>76</u>	<u>240</u>	<u>52</u>

Interface UK Manufacturing Limited

Notes forming part of the financial statements
for the year ended 29 December 2013 (*continued*)

16 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with Interface Inc. or other wholly owned subsidiaries.

17 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 UK Manufacturing Limited is a member. Copies of its consolidated financial statements are available from 2859 Paces Ferry Road, Suite 2005, Atlanta, GA 30339, USA.

Interface Europe Limited is the parent undertaking of the smallest group of which Interface UK Manufacturing Limited is a member and for which group accounts are drawn up. Copies of its consolidated financial statements are available from Companies House.

The immediate parent undertaking is Interface Europe Limited, incorporated in England and Wales.