

**REGISTERED NUMBER: 07365225 (England and Wales)**

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



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

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**Interface UK Manufacturing Limited**

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

**DIRECTORS:**

Ms D S Verschuur  
A H van Keken

**SECRETARY:**

S Carlton (Resigned 29 May 2020)

**REGISTERED OFFICE:**

10th Floor  
The Colmore Building  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

**REGISTERED NUMBER:**

07365225 (England and Wales)

**AUDITORS:**

BDO LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

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

The directors present their strategic report together with the audited financial statements for the period ended 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 was the toll manufacture of interior floor coverings for other group companies.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The income statement is set out on page 9 and shows turnover for the period of £8,841,000 (2018 - £9,380,000) and profit after taxation for the period of £364,000 (2018 - £689,000).

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 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. group's global initiatives can be found on its corporate website:

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

**POST BALANCE SHEET EVENTS**

Interface UK Manufacturing Limited is a subsidiary of Interface Europe Limited, the going concern and impact from Covid 19 is assessed from the perspective of the head of the group Interface Europe Limited.

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 UK Manufacturing 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 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.

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

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. It 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. group's market share within the healthcare and education business sectors.

After decades of hard work, the Interface Inc. group has celebrated reaching its "Mission Zero" goals during 2019, which was focussed 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.

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

For each country and sales centre, the European group develops 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 European group 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 globally 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 current accounts which bear interest at a floating rate. Debt is maintained at fixed and floating interest rates.

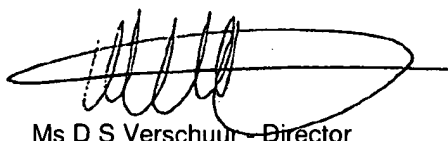
**Compliance**

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, GDPR and other topics we have implemented procedures which enable us to operate in line with high industry standards.

**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 £8,279,000 compared with £8,529,000 for the previous year, representing an decrease of 2.9%.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Ms D S Verschuur – Director

.....4 December 2020

**Interface UK Manufacturing Limited (Registered number: 07365225)**

**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 for the period 31 December 2018 to 29 December 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of toll manufacture of interior floor coverings for other group companies.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2019 (2018: Nil).

**DIRECTORS**

The directors who have held office during the period from 31 December 2018 to the date of this report are as follows:

Ms D S Verschuur - appointed 11 June 2019  
J Hasselman - resigned 11 September 2019

A H van Keken was appointed as a director after 29 December 2019 but prior to the date of this report.

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

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the period the company made charitable contributions of £nil (2018 - £nil).

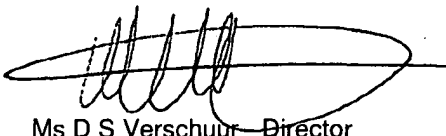
**GOING CONCERN - COVID 19**

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.

**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 company'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 company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, representing Ms D S Verschuur.

Ms D S Verschuur - Director

.....4. December 2020

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

The directors are responsible for preparing the 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 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 judgements and accounting 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 are sufficient to show and explain the company's transactions and 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.



## **Report of the Independent Auditors to the Members of Interface UK Manufacturing Limited**

### **Opinion**

We have audited the financial statements of Interface UK Manufacturing Limited (the 'company') for the period ended 29 December 2019 which comprise the Income statement, Statement of Financial Position, Statement of Changes in Equity 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 company's affairs as at 29 December 2019 and of its 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 company 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 company'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 Strategic Report, the Report of the Directors and the Directors' Responsibilities Statement, 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 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 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 UK Manufacturing Limited**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page six, 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 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 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](http://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 UK Manufacturing Limited (Registered number: 07365225)**

**Income statement  
for the Period 31 December 2018 to 29 December 2019**

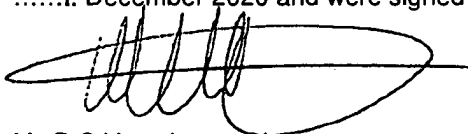
	Notes	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
<b>TURNOVER</b>	5	8,841	9,380
Cost of sales		<u>8,297</u>	<u>8,529</u>
<b>GROSS PROFIT</b>		544	851
Other operating income		<u>32</u>	<u>-</u>
<b>OPERATING PROFIT and PROFIT BEFORE TAXATION</b>		576	851
Tax on profit	8	<u>212</u>	<u>162</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		364	689
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>364</u>	<u>689</u>

The notes form part of these financial statements

**Statement of Financial Position**  
**29 December 2019**

	Notes	2019 £'000	£'000	2018 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	9		4,349		4,814
<b>CURRENT ASSETS</b>					
Debtors	10	26,810		24,095	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>19,910</u>		<u>18,066</u>	
<b>NET CURRENT ASSETS</b>			<u>6,900</u>		<u>6,029</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,249		10,843
<b>PROVISIONS FOR LIABILITIES</b>	13		<u>413</u>		<u>371</u>
<b>NET ASSETS</b>			<u>10,836</u>		<u>10,472</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		5,879		5,879
Retained earnings	15		<u>4,957</u>		<u>4,593</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>10,836</u>		<u>10,472</u>

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



Ms D S Verschuur - Director

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2018</b>	5,879	3,904	9,783
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>689</u>	<u>689</u>
<b>Balance at 30 December 2018</b>	<u>5,879</u>	<u>4,593</u>	<u>10,472</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>364</u>	<u>364</u>
<b>Balance at 29 December 2019</b>	<u><u>5,879</u></u>	<u><u>4,957</u></u>	<u><u>10,836</u></u>

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

**1. GENERAL INFORMATION**

Interface UK Manufacturing Limited ("the company") provides toll manufacturing services to Interface European Manufacturing BV. Services are provided within the UK.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of the registered office is 10th Floor, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT.

**2. STATEMENT OF COMPLIANCE**

The financial statements of Interface UK Manufacturing Limited 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 4).

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements and going concern**

Interface Administration Services Limited is a subsidiary of Interface Europe Limited, the going concern and impact from Covid 19 is assessed from the perspective of the head of the group Interface Europe Limited.

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 UK Manufacturing 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 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.

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

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.

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.

**Going concern**

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.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Interface Europe Ltd as at 30 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

**Consolidated financial statements**

The company is a wholly owned subsidiary of Interface Europe Ltd whose registered office is 10th Floor, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT. It is included in the consolidated financial statements of Interface Europe Ltd, copies of which are available from Companies House.

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 1280 West Peachtree Street, Atlanta, Georgia 30309, USA.

**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.

**Notes to the 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

**Financial instruments**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



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

**3. ACCOUNTING POLICIES - continued**

**Deferred tax**

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.

**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.

**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.

**Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All other differences are taken to the profit and loss account.

**Pension costs and other post-retirement benefits**

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

**Cash flow statement**

The company has taken advantage of the exemption 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. The consolidated cash flow statement is included in the financial statements of Interface Europe Ltd.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Recoverability of intercompany receivables. The directors consider the intercompany receivables to be recoverable, based on the continued support as provided by the wider Interface Inc. group.

Other key sources of estimation uncertainty:

- Tangible fixed assets (note 9)

Tangible fixed assets are depreciated over their useful life taking into account residual values, where appropriate. The actual life of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset life, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

**5. TURNOVER**

Turnover is derived from a single class of business carried out in the UK, that of the toll manufacture of interior floor coverings. This is also the same in 2018.

**6. EMPLOYEES AND DIRECTORS**

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

	2019 Number	2018 Number
Production	137	129
Administration	3	5
Management	5	5
	<u>145</u>	<u>139</u>

	2019 £'000	2018 £'000
Employment costs		
Wages and salaries	5,156	4,116
Social security costs	469	393
Pension and other costs	327	287
	<u>5,952</u>	<u>4,796</u>

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

**Directors**

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

**7. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets - owned fixed assets	739	930
Impairment of fixed assets	-	104
Operating lease rentals		
- land and buildings	413	336
- other	12	27
Foreign exchange loss/(gain)	<u>(32)</u>	<u>17</u>

The audit fee of £2,000 (2018 - £4,000) has been borne by another group company, Interface Administration Services Limited.

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

**8. TAXATION**

**Analysis of the tax charge**

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

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
Current tax:		
UK corporation tax	142	216
Prior year	<u>98</u>	<u>4</u>
Total current tax	240	220
Deferred tax	<u>(28)</u>	<u>(58)</u>
Tax on profit	<u><u>212</u></u>	<u><u>162</u></u>

**Reconciliation of total tax charge included in profit and loss**

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

	Period 31.12.18 to 29.12.19 £'000	Period 1.1.18 to 30.12.18 £'000
Profit before tax	<u>576</u>	<u>851</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	109	162
Effects of:		
Expenses not deductible for tax purposes	6	(1)
Adjustments to tax charge in respect of previous periods	98	4
Other timing differences	<u>(1)</u>	<u>(3)</u>
Total tax charge	<u><u>212</u></u>	<u><u>162</u></u>

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

**9. TANGIBLE FIXED ASSETS**

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
<b>COST</b>			
At 31 December 2018	948	14,800	15,748
Additions	84	377	461
Disposals	-	(319)	(319)
At 29 December 2019	<u>1,032</u>	<u>14,858</u>	<u>15,890</u>
<b>DEPRECIATION</b>			
At 31 December 2018	392	10,542	10,934
Charge for period	68	671	739
Eliminated on disposal	-	(132)	(132)
At 29 December 2019	<u>460</u>	<u>11,081</u>	<u>11,541</u>
<b>NET BOOK VALUE</b>			
At 29 December 2019	<u>572</u>	<u>3,777</u>	<u>4,349</u>
At 30 December 2018	<u>556</u>	<u>4,258</u>	<u>4,814</u>

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Amounts owed by group undertakings	26,378	23,791
Other debtors	157	6
VAT	-	33
Prepayments and accrued income	<u>275</u>	<u>265</u>
	<u>26,810</u>	<u>24,095</u>

All debtors are due within one year. Intercompany balances are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Trade creditors	133	79
Amounts owed to group undertakings	19,141	17,333
Tax	123	101
Social security and other taxes	103	124
Accruals and deferred income	<u>410</u>	<u>429</u>
	<u>19,910</u>	<u>18,066</u>

Intercompany balances are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

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

**12. LEASING AGREEMENTS**

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

	2019	2018
	£'000	£'000
Within one year	69	321
Between one and five years	<u>252</u>	<u>798</u>
	<u>321</u>	<u>1,119</u>

**13. PROVISIONS FOR LIABILITIES**

	2019	2018
	£'000	£'000
Deferred tax		
Accelerated capital allowances	348	375
Other timing differences	<u>(5)</u>	<u>(4)</u>
	<u>343</u>	<u>371</u>
Other provisions		
Restructuring provision	<u>70</u>	<u>-</u>
Aggregate amounts	<u>413</u>	<u>371</u>

	Deferred tax	Restructuring provision
	£'000	£'000
Balance at 31 December 2018	371	-
Charged/(Credited) to the income statement	<u>(28)</u>	<u>70</u>
Balance at 29 December 2019	<u>343</u>	<u>70</u>

**14. CALLED UP SHARE CAPITAL**

Number:	Class:	Nominal value:	2019	2018
			£'000	£'000
5,878,832	Ordinary	£1	<u>5,879</u>	<u>5,879</u>

**15. RESERVES**

The company's capital and reserves are as follows:

**Called up share capital**

Called up share capital represents the nominal value of the shares issued.

**Profit and loss account**

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

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

**16. 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 1280 West Peachtree Street, Atlanta, Georgia, 30309, USA.

Interface Europe Ltd 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 Ltd, a company incorporated in England and Wales.

**17. 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.