

REGISTERED NUMBER: 07365225 (England and Wales)

**Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended  
31 December 2021  
for  
Interface UK Manufacturing Limited**



**Contents of the Financial Statements  
for the Year Ended 31 December 2021**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Directors' Responsibilities Statement</b>	<b>5</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Income statement</b>	<b>9</b>
<b>Statement of Financial Position</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>

**Interface UK Manufacturing Limited**

**Company Information  
for the Year Ended 31 December 2021**

**DIRECTORS:**

Ms D S Verschuur  
A H Van Keken

**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 Year Ended 31 December 2021**

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021. The year end 2021 refers to the period from 4 January 2021 to 2 January 2022. The comparative year end refers to the period 30 December 2019 to 3 January 2021.

**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 £7,988,000 (2020 - £7,204,000) and profit after taxation for the period of £212,000 (2020 - £282,000).

**COVID-19**

We are now over the worst impacts of the COVID-19 outbreak. All our operations are close to full capacity, and we see no long-term adverse impact on either our workforce, supply chain operations or financial stability. Of course, we will continue to feel the impact of the pandemic for many years, but these are expected to be considerably smaller than the wide scale lockdowns that we experienced during 2020 and to a lesser degree in 2021. Though we do monitor the developing situation in parts of China with some concern.

**GOING CONCERN**

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.

The company felt little negative impact of the COVID-19 outbreak in 2021. Both turnover and gross profit increased compared to pre-COVID-19 levels. Further recovery is expected for 2022. Market developments are hard to predict in the current environment, potential future lockdowns may have impact on turnover and gross profit. Therefore the company decided to keep restricting expenditures and non-critical investments. As a result, 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 continue to 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 reaching its "Mission Zero" goals during 2019, "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.

**Strategic Report  
for the Year Ended 31 December 2021**

**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 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.

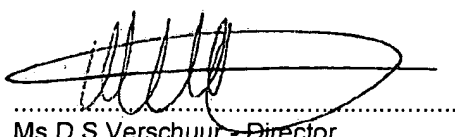
**Compliance**

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 £7,071,000 compared with £6,842,000 for the previous year, representing an increase of 3.3%.

**ON BEHALF OF THE BOARD:**



.....

Ms D S Verschuur - Director

Date: 10 February 2023.....

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

**Report of the Directors  
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2021 was £5,240,000 (2020: Nil).

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Ms D S Verschuur  
A H Van Keken

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the period the company made charitable contributions of £640 (2020 - £250)

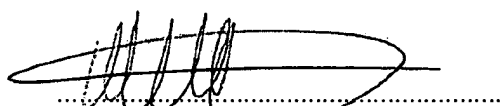
**GOING CONCERN - COVID 19**

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:**



.....  
Ms D S Verschuur - Director

Date: 10 February 2023 .....

**Directors' Responsibilities Statement  
for the Year Ended 31 December 2021**

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.

## **Independent Auditor's Report to the Members of Interface UK Manufacturing Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 January 2022 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.

We have audited the financial statements of Interface UK Manufacturing Limited ("the Company") for the year ended 2 January 2022 which comprise 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).

### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Other - please type in - Strategic report, other than the financial statements and our auditor's report 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.



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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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

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

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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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' Responsibility Statement, 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 is 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.

### **Auditor's 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 an auditor's report 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*


Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Mark Langford (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds, UK

13 February 2023

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

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

**Income statement  
for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>TURNOVER</b>	5	7,988	7,204
Cost of sales		<u>(7,071)</u>	<u>(6,842)</u>
<b>GROSS PROFIT</b>		917	362
Administrative expenses		<u>(570)</u>	<u>(626)</u>
		347	(264)
Other operating income		<u>34</u>	<u>626</u>
<b>OPERATING PROFIT and PROFIT BEFORE TAXATION</b>		381	362
Tax on profit	8	<u>(169)</u>	<u>(80)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		212	282
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>212</u>	<u>282</u>

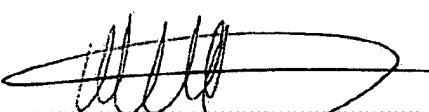
The notes on pages 12 to 20 form part of these financial statements

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

**Statement of Financial Position  
31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	3,546	4,135
<b>CURRENT ASSETS</b>			
Debtors	11	3,635	26,870
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(648)</u>	<u>(19,504)</u>
<b>NET CURRENT ASSETS</b>		<u>2,987</u>	<u>7,366</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,533	11,501
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>(443)</u>	<u>(383)</u>
<b>NET ASSETS</b>		<u>6,090</u>	<u>11,118</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	5,879	5,879
Retained earnings	16	<u>211</u>	<u>5,239</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>6,090</u>	<u>11,118</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 February 2023..... and were signed on its behalf by:

  
 .....  
 Ms D S Verschuur - Director

The notes on pages 12 to 20 form part of these financial statements

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

**Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2020</b>	5,879	4,957	10,836
<b>Changes in equity</b>			
Total comprehensive income	-	282	282
<b>Balance at 31 December 2020</b>	<u>5,879</u>	<u>5,239</u>	<u>11,118</u>
<b>Changes in equity</b>			
Dividends	-	(5,240)	(5,240)
Total comprehensive income	-	212	212
<b>Balance at 31 December 2021</b>	<u>5,879</u>	<u>211</u>	<u>6,090</u>

The notes on pages 12 to 20 form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2021**

**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.

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 2021 refers to the period from 4 January 2021 to 2 January 2022. The comparative year end refers to the period 30 December 2019 to 3 January 2021.

**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**

**Going concern**

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

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

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.

Interface UK Manufacturing Limited is manufacturing semi-finished products that are shipped to Interface in the Netherlands for finishing, after which these products are sold by Interface sales companies to customers throughout EMEA. In that respect, Interface UK manufacturing Limited is reliant on the other Interface group companies.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES- continued**

**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 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26 to 12.29;
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Interface Europe Ltd as at 31 December 2021 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.

Turnover is recognized in alignment to the intercompany tolling agreement with Interface European Manufacturing B.V. at an arm lengths mark up on relevant costs.

**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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**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.

**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.



**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**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 contribution's 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.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

**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 10)

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.

**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.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**6. EMPLOYEES AND DIRECTORS**

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

	2021 Number	2020 Number
Production	103	118
Administration	12	7
Management	6	6
	<u>121</u>	<u>131</u>

	2021 £'000	2020 £'000
Employment costs		
Wages and salaries	3,650	3,785
Social security costs	354	353
Pension and other costs	<u>357</u>	<u>300</u>
	<u>4,361</u>	<u>4,438</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:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets - owned fixed assets	748	750
Loss on disposal of fixed assets	12	-
Operating lease rentals		
- land and buildings	328	348
- other	20	13
Coronavirus job retention scheme (CJRS)	<u>(34)</u>	<u>(626)</u>

The audit fee of £2,333 (2020 - £2,000) has been borne by another group company, Interface Administration Services Limited.

Coronavirus Job Retention Scheme (CJRS) - Where the Company receives Coronavirus Job Retention Scheme (CJRS) expenditure credits, these are accounted for as government grant income within other income, and is presented separately to the staff costs administration. The income is recognised on the accruals model under FRS 102 Section 24 'Government Grants'.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**8. TAXATION**

**Analysis of the tax charge**

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

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	109	30
Prior year	<u>-</u>	<u>10</u>
Total current tax	109	40
Deferred tax	<u>60</u>	<u>40</u>
Tax on profit	<u><u>169</u></u>	<u><u>80</u></u>

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

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

	2021 £'000	2020 £'000
Profit before tax	<u>381</u>	<u>362</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	72	69
Effects of:		
Expenses not deductible for tax purposes	-	1
Adjustments to tax charge in respect of previous periods	-	10
Other timing differences	(9)	-
Change in deferred tax rate	<u>106</u>	<u>-</u>
Total tax charge	<u><u>169</u></u>	<u><u>80</u></u>

**9. DIVIDENDS**

	2021 £'000	2020 £'000
Interim (£0.8913 per share)	<u><u>5,240</u></u>	<u><u>-</u></u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

## 10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
<b>COST</b>			
At 1 January 2021	980	13,551	14,531
Additions	(4)	175	171
Disposals	<u>(14)</u>	<u>(1,494)</u>	<u>(1,508)</u>
At 31 December 2021	<u>962</u>	<u>12,232</u>	<u>13,194</u>
<b>DEPRECIATION</b>			
At 1 January 2021	477	9,919	10,396
Charge for year	69	679	748
Eliminated on disposal	<u>(11)</u>	<u>(1,485)</u>	<u>(1,496)</u>
At 31 December 2021	<u>535</u>	<u>9,113</u>	<u>9,648</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>427</u>	<u>3,119</u>	<u>3,546</u>
At 31 December 2020	<u>503</u>	<u>3,632</u>	<u>4,135</u>

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Amounts owed by group undertakings	3,552	26,494
Other debtors	30	28
Tax	8	117
Prepayments and accrued income	<u>45</u>	<u>231</u>
	<u>3,635</u>	<u>26,870</u>

Intercompany balances are unsecured, have no fixed date of repayment and are contractually repayable on demand. Based on the contractual position, these balances are presented as Current assets in line with the requirements of FRS 102, though these are not expected to be recovered within 12 months.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	45	142
Amounts owed to group undertakings	4	19,070
Social security and other taxes	101	81
Accruals and deferred income	<u>498</u>	<u>211</u>
	<u>648</u>	<u>19,504</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 Year Ended 31 December 2021**

**13. LEASING AGREEMENTS**

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

	2021	2020
	£'000	£'000
Within one year	75	69
Between one and five years	<u>75</u>	<u>137</u>
	<u>150</u>	<u>206</u>

**14. PROVISIONS FOR LIABILITIES**

	2021	2020
	£'000	£'000
Deferred tax		
Accelerated capital allowances	<u>443</u>	<u>383</u>

	Deferred tax
	£'000
Balance at 1 January 2021	383
Charged/(Credited) to the income statement	<u>60</u>
Balance at 31 December 2021	<u>443</u>

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£'000	£'000
5,878,832	Ordinary	£1	<u>5,879</u>	<u>5,879</u>

**16. 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 Year Ended 31 December 2021**

**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 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.

**18. POST BALANCE SHEET EVENTS**

On February 24th, 2022, Russia invaded Ukraine. Several countries declared sanctions against Russia. As a result of these sanctions, trading with Russia and Ukraine is affected and prices for several raw materials and transport increase.

The worldwide crisis impacts many companies, also the Interface group that Interface UK Manufacturing Ltd. is part of. As a result of the Russian invasion in Ukraine, the revenue, margins, and result for 2022 may be under pressure.

The total financial effect of the Russian invasion in Ukraine is uncertain as the duration and the effects on the market are uncertain. The Interface group will continue to keep acting to minimize impact of the Russian invasion in Ukraine on its business where possible. The Interface global group has a strong financial position and Group management is optimistic it will navigate the Interface group through these challenging times.

Market developments are very hard to predict in the current environment: impact differs widely per country and changes over time. In response to the faced increase of raw materials, the company considers implementing sales price increases where possible.

Despite the continued disruption of the global economy due to the Russian invasion in Ukraine, and the significant level of uncertainty created by the raw material crises, we do not believe that the impact of the Russian invasion in Ukraine will have a material adverse effect on the financial condition or liquidity of Interface UK Manufacturing Ltd. Therefore, we continue to 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.

There are no other post balance sheet events to report.