

Interfloor Limited
Report and Financial Statements
For the period ended 1 April 2023
Company Registration No. 00162988



Interfloor Limited

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Interfloor Limited

Officers and Professional Advisers

Directors

R Bosveld
S Byrne (resigned 21 July 2023)
G Cowley
S Foster (resigned 28 February 2023)
I James (appointed 28 February 2023)
G McEwan
G Wilding
P Yates (appointed 21 July 2023)

Secretary

I James

Registered Office

Broadway
Haslingden
BB4 4LS

Independent auditor

Grant Thornton UK LLP
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

Bankers

HSBC UK Bank plc
PO Box 68
130 New Street
Birmingham
B2 4JU

Interfloor Limited

Directors' Report

For the period ended 1 April 2023

The Directors present their report and the financial statements for the 52 week period ended 1 April 2023.

Principal activity

The principal activity of the Company during the period was the manufacture and distribution of underlay and flooring accessories

Results and dividends

The profit for the period, after taxation, amounted to £3,559,000 (2022: £5,943,000).

During the period, the company paid dividends of £nil (2022: £nil).

Going concern

The financial statements are prepared on a going concern basis. At the 1 April 2023 the company had cash of £6,757,000 (2022: £5,116,000). The Directors have undertaken a detailed forecasting exercise and applied a range of reasonable sensitivity scenarios, including a sustained fall in demand for its products and rising commodity prices. These show that the business will remain profitable and cash generative for the foreseeable future. As part of the Victoria P.L.C. group the Company is supported by the group's treasury management and strong group balance sheet which has sufficient cash on hand to support the business in even the most severe scenarios the directors have modelled. The Directors have obtained a letter of support from the ultimate parent undertaking to ensure if a cash shortfall arose then liabilities can be met. This support is available for at least 12 months from the date of signing of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

The Directors who served during the period were:

R Bosveld

S Byrne (resigned 21 July 2023)

G Cowley

S Foster (resigned 28 February 2023)

I James (appointed 28 February 2023)

G McEwan

G Wilding

P Yates (appointed 21 July 2023)

Political contributions

The Company made no political contributions during the period (2022: £nil).

Charitable contributions

The Company made charitable contributions during the period of £1,000 (2022: £1,000).

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Interfloor Limited

Directors' Report

For the period ended 1 April 2023

Employees

Employees are encouraged to attend training courses and there is regular consultation with employee representatives to ensure that employees are informed of all matters affecting them. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Additional information on how the Board engages with its employees and other stakeholders can be found in our S172 statement within the Strategic Report.

Directors' insurance and indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial period ended 1 April 2023 and through to the date of this report.

Principal risks and uncertainties

The Company has chosen in accordance with the Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

Streamlined Energy Carbon Reporting

Under the Companies (Directors' Report) and Limited Liabilities Partnerships (Energy & Carbon Report) Regulations 2019, we are mandated to disclose our UK energy use and associated greenhouse gas emissions. These disclosures are set out in the accounts of our ultimate parent company, Victoria plc.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

28/9/2023

This report was approved by the board on _____ and signed on its behalf.

P Yates
Director

Phil Yates

Interfloor Limited

Strategic Report

For the period ended 1 April 2023

Business review

The result for the 52 week period to 1 April 2023 showed a fall in operating profit and was driven by unprecedented raw material cost pressures, significant increases in energy costs and labour shortages. Overall turnover was broadly in line with the prior year however volumes were subdued as economic pressures lead to reducing customer spend across the market. The key challenges for the business came from the supply side with significant raw material and energy cost increases which deteriorated as the period progressed, forcing the business to put through a number of price increases. As a result of these factors overall gross margin fell from 27.7% to 24.1%.

As part of our commitment to improve our environmental footprint, during the prior period the business changed a key raw material used in the manufacture of its rubber underlays to a cleaner more environmentally friendly variant. This change resulted in an exceptional charge of £930,000. There is no such charge for the current period.

Despite all of these challenges the business has continued to invest in its quality and customer service offering and is delighted to have achieved ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health & Safety Management).

Since the period end demand has remained subdued but raw material and energy costs have started to stabilise.

The financial key performance indicators monitored by the Board are set out below:

	2023	2022
	£'000	£'000
Turnover	81,623	82,141
Operating profit	3,988	6,843

The non-financial key performance indicators monitored by the Board are;

- Health & safety – the accident incidence rate per 100 employees and number of RIDDORs are monitored monthly and showed an improved trend compared to the previous period
- Environmental – full compliance with all relevant standards, which was met during the period

Future developments

As well as developing new products and targeting new markets the Company continues to invest in plant and equipment to drive further operational efficiency.

Principal risks and uncertainties

The Company's results are primarily affected by changes in consumer spending. The price of key commodity raw materials and energy can also have a significant impact on the Company's performance.

Interfloor Limited

Strategic Report

For the period ended 1 April 2023

Principal risks and uncertainties (continued)

Going forward, the Company recognises the risk of reduced demand on revenues and margins when compared to prior periods from the potential direct and indirect effects on consumer activity continuing for a longer term period. The Company's cash position as at the period ended 1 April 2023 was £6,757,000, compared to £5,116,000 as at 2 April 2022. The Directors have obtained a letter of support from the ultimate parent undertaking to ensure if a cash shortfall arose then liabilities can be met. The Directors are therefore of the view that the Company is well placed to manage its business risks.

Financial risk management

Credit risk

Credit risk is primarily targeted at trade receivables. Prior to giving credit terms to new customers, credit checks are obtained from reputable external sources and credit insurance is sought where available under the Company's credit insurance policies. Credit terms and payment history are reviewed constantly and early action taken to minimise the risk of non-payment. The risk is spread widely over many customers.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

To manage this, the Company regularly monitors its cash position and cash forecasts to ensure its obligations can be met within its agreed bank facilities.

At the period end date the Directors believe that the Company will have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Currency risk

The Company makes a proportion of its sales and purchases in foreign currency, principally Euros and US Dollars, and so has exposure to a degree of currency risk. To manage this risk the Company hedges a proportion of its currency requirements, on a rolling basis, for the next 12 months through the use of forward contracts which are managed through the Victoria Plc central treasury function.

Interfloor Limited

Strategic Report

For the period ended 1 April 2023

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in a way they consider, in good faith would be most likely to promote the success of the company for the benefit of the members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- The likely consequences of any decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- *The impact of the company's operations on the community and the environment;*
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between shareholders of the company.

During the period ended 1 April 2023 the Directors consider they have, individually and collectively, acted in a way that is most likely to promote the success of the Company for the benefit of its shareholders as a whole and have given due consideration to each of the above matters in discharging their duties under section 172. The stakeholders we consider in this regard are our employees and our customers and suppliers.

The board recognises the importance of the relationships with our stakeholders in supporting delivery of our strategy and operating the business in a sustainable manner.

Directors are briefed on the duties as part of their induction and they can access professional advice on these from an independent advisor throughout the period a director holds office.

The Board recognises the importance of building and maintaining relationships with all of its key stakeholders in order to achieve long-term success.

Further details of our stakeholder engagement are set out below:

Employees

Our employees are integral to the successful delivery on the Company's strategy. Employees knowledge, skills and experience are key to maintaining our strong customer and supplier relationships. As such, the Company is focused on the recruitment, development, retention, and reward of its employees.

Employees are encouraged to attend training courses and there is regular consultation with employee representatives to ensure that employees are informed of all matters affecting them.

Within the bounds of law, regulation and commercial confidentiality, information is shared to all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees.

Customers

Our customers are of paramount importance and the Company seeks to retain customers and establish long and lasting relationships with them, built on mutual respect and trust. The Company is focused on producing quality flooring products at competitive prices for our customers.

We meet with our customers regularly to ensure we are offering the right products and level of service and responding to customer feedback to ensure we meet their expectations. Our customer relationships and manufacturing flexibility also aid diversification of our product portfolio. Our close relationships with our customers provide us with valuable feedback, enabling us to adapt quickly to changes in end-consumer preferences.

Interfloor Limited

Strategic Report

For the period ended 1 April 2023

Suppliers

Interfloor endeavours to forge strong relationships with suppliers built on honesty, fairness, and mutual respect. We meet with key suppliers on a regular basis and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights, and ethics.

Community and the environment

As a manufacturing and distribution business, there is a risk that some of the Company's activities could have an adverse impact on the local environment. Policies are in place to mitigate these risks, and the Company is committed to full compliance with all relevant health and safety and environmental regulations.

28/9/2023

This report was approved by the board on _____ and signed on its behalf.

Phil Yates

P Yates
Director

Interfloor Limited

Directors' Responsibilities Statement

For the period ended 1 April 2023

The Directors are responsible for preparing the Strategic report, the Directors' report 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 General Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101, 'Reduced Disclosure Framework'). 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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.

Phil Yates

P Yates

Director

28/9/2023

Interfloor Limited

Independent auditor's report to the members of Interfloor Limited

Opinion

We have audited the financial statements of Interfloor Limited (the 'company') for the period from 3 April 2022 to 1 April 2023, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the 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 101 'Reduced Disclosure Framework' (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 1 April 2023 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 'Auditor's 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as inflation and rising interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other

Interfloor Limited

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

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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' responsibilities 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.

Interfloor Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined the most significant laws and regulations to be the Companies Act 2006 and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included
 - Evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - Making inquiries, in respect of fraud, of those outside the finance team, including key management;
 - Challenging assumptions and judgements made by management in the company's significant accounting estimates;
 - Identifying and testing unusual journal entries; and
 - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud and is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would be aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the company operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Interfloor Limited

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.

Grant Thornton UK LLP

Frances Grant
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 28/9/2023

Interfloor Limited

Income Statement

For the period ended 1 April 2023

	Note	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Turnover	3	81,623	82,141
Cost of sales		<u>(61,991)</u>	<u>(59,399)</u>
Gross profit		19,632	22,742
Distribution and Administrative costs		(15,644)	(14,969)
Exceptional charge	4	<u>-</u>	<u>(930)</u>
Operating profit		3,988	6,843
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	<u>(204)</u>	<u>(197)</u>
Profit on ordinary activities before taxation	4	3,784	6,647
Tax on profit on ordinary activities	8	<u>(225)</u>	<u>(704)</u>
Profit for the financial period		<u><u>3,559</u></u>	<u><u>5,943</u></u>

The notes on page 18 to 41 form part of these financial statements.

Interfloor Limited

Statement of Comprehensive Income
For the period ended 1 April 2023

		52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
	Note		
Profit for the financial period		3,559	5,943
Other comprehensive income			
Remeasurement of net defined benefit liability	18	1,353	1,566
Movement in deferred tax relating to defined benefit liability	19	<u>(323)</u>	<u>(20)</u>
Other comprehensive income for the financial period		<u>1,030</u>	<u>1,546</u>
Total comprehensive income for the financial period		<u><u>4,589</u></u>	<u><u>7,489</u></u>

The notes on page 18 to 41 form part of these financial statements.

Interfloor Limited

Balance Sheet

At 1 April 2023

	Note	1 April 2023 £'000	2 April 2022 £'000
Fixed assets			
Goodwill	9	4,170	4,170
Tangible assets	10	8,092	8,508
Right-of-use lease assets	11	3,184	1,987
Investments	12	8	8
		<u>15,454</u>	<u>14,673</u>
Current assets			
Stocks	13	8,905	9,685
Debtors: amounts falling due within one year	14	58,246	57,629
Debtors: amounts falling due after more than one year	14	399	953
Cash at bank and in hand		<u>6,757</u>	<u>5,116</u>
		<u>74,307</u>	<u>73,383</u>
Current Liabilities			
Trade and other current payables	15	(14,851)	(17,563)
Obligations under right-of-use leases - current	16	<u>(929)</u>	<u>(775)</u>
Creditors: amounts falling due within one year		<u>(15,780)</u>	<u>(18,338)</u>
Net current assets		<u>58,527</u>	<u>55,045</u>
Total assets less current liabilities		<u>73,981</u>	<u>69,718</u>
Obligations under right-of-use leases – non-current	17	(2,148)	(1,036)
Provisions for liabilities	18	<u>(3,432)</u>	<u>(4,870)</u>
Net assets		<u><u>68,401</u></u>	<u><u>63,812</u></u>
Capital and reserves			
Called up share capital	20	1,500	1,500
Share premium account	21	482	482
Revaluation reserve	21	163	169
Profit and loss account	21	<u>66,256</u>	<u>61,661</u>
Shareholders' funds		<u><u>68,401</u></u>	<u><u>63,812</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 28/9/2023

Signed on behalf of the Board of Directors:

Phil Yates

P Yates
Director

Company registration no: 00162988

The notes on page 18 to 41 form part of these financial statements.

Interfloor Limited

Statement of Changes in Equity
For the period ended 1 April 2023

	Called-up share capital £'000	Share prem- ium account £'000	Revalu- ation reserve £'000	Profit and loss account £'000	Total £'000
At 4 April 2021	1,500	482	175	54,166	56,323
Profit for the period	-	-	-	5,943	5,943
Transfer between revaluation reserve and profit and loss account	-	-	(6)	6	-
<i>Other comprehensive income:</i>					
Remeasurement of defined benefit liability	-	-	-	1,566	1,566
Deferred tax movement	-	-	-	(20)	(20)
Total other comprehensive income for the period	-	-	-	1,546	1,546
Total comprehensive income	-	-	(6)	7,495	7,489
At 2 April 2022	1,500	482	169	61,661	63,812
At 3 April 2022	1,500	482	169	61,661	63,812
Profit for the period	-	-	-	3,559	3,559
Transfer between revaluation reserve and profit and loss account	-	-	(6)	6	-
<i>Other comprehensive income:</i>					
Remeasurement of defined benefit liability	-	-	-	1,353	1,353
Deferred tax movement	-	-	-	(323)	(323)
Total other comprehensive income for the period	-	-	-	1,036	1,030
Total comprehensive income	-	-	(6)	4,595	4,589
At 1 April 2023	1,500	482	163	66,256	68,401

The notes on page 18 to 41 form part of these financial statements.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

1. Company information

Interfloor Limited ("Company") is a company limited by shares and incorporated under the Companies Act 2006 in the United Kingdom. The address of the registered office is Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS. The accounts cover the 52 week period ended 1 April 2023 with comparatives for the 52 week period ended 2 April 2022.

The principal activity of the Company during the period was the manufacture and distribution of underlay and flooring accessories.

2. Accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

2.2 Going concern

The financial statements are prepared on a going concern basis. At the 1 April 2023 the company had cash of £6,757,000 (2022: £5,116,000). The Directors have undertaken a detailed forecasting exercise and applied a range of reasonable sensitivity scenarios, including a sustained fall in demand for its products and rising commodity prices. These show that the business will remain profitable and cash generative for the foreseeable future. As part of the Victoria P.L.C. group the Company is supported by the group's treasury management and strong group balance sheet which has sufficient cash on hand to support the business in even the most severe scenarios the directors have modelled. The Directors have obtained a letter of support from the ultimate parent undertaking to ensure if a cash shortfall arose then liabilities can be met. This support will be available for at least 12 months from the date of signing of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Parent company

The Company is a wholly owned subsidiary of Victoria Plc which prepares publicly available consolidated financial statements in accordance with IFRS as adopted by the European Union. This Company is included in the consolidated financial statements of Victoria Plc for the period ended 1 April 2023. These accounts are available from www.victoriapl.com and are available from Companies House.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

2. Accounting policies (continued)

2.4 Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- 1 A statement of cash flows and related notes
- 2 Non-current asset held for sale and discontinued operation net cash flow disclosure
- 3 Requirement to produce a balance sheet at the beginning of the earliest comparative period
- 4 Requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group
- 5 Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- 6 Disclosure of key management personnel compensation
- 7 Capital management disclosures
- 8 Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- 9 The effect of future accounting standards not adopted
- 10 Certain share based payment disclosures
- 11 Business combination disclosures
- 12 Disclosures in relation to impairment of assets
- 13 Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- 14 Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

2.5 Exemption from preparation of consolidated financial statements

The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated financial statements of a larger group which are filed at Companies House.

2.6 Goodwill

Goodwill is not amortised, but is reviewed for impairment at least annually or earlier if there is an indication of possible impairment. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to any goodwill and then to the other assets of the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.7 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment.

2.8 Tangible assets

Land and buildings are held at deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged to the Income Statement.

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

2. Accounting policies (continued)

2.8 Tangible assets (continued)

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold land is not depreciated.

Freehold buildings	40 years
Plant and equipment	3 to 15 years
Motor vehicles	3 to 4 years
Sampling assets	2 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Income Statement.

2.9 Stock

Stock is stated at the lower of cost and net realisable value. Raw materials are based on purchase cost including transport on a first in first out basis. Work in progress and finished goods are based on the cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity. Net realisable value represents the estimated selling price less applicable variable selling expenses. Provisions are made for inventories where the net realisable value is less than cost, and for slow moving stock lines.

2.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets are classified into one of the following categories:

- Amortised cost
- Fair value through profit or loss (FVPL), or
- Fair value through other comprehensive income (FVOCI)

In the periods presented the Company does not have any financial assets categorised as FVPL or FVOCI.

The classification is determined by both:

- The entity's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

2. Accounting policies (continued)

2.10 Financial instruments (continued)

'12 month expected credit losses' are recognised for the first category (i.e. 'Stage 1') while 'lifetime expected credit losses' are recognised for the second category (i.e. 'Stage 2').

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the lifetime of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transactions costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included within finance costs.

2.11 Financial instruments – intercompany balances

Inter-company balances which are due on demand, or for which there is no significant difference between the amount due or payable and fair value on initial recognition, are accounted for on a amortised cost basis.

Impairment of intercompany balances

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Measurement of the expected credit loss is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

2.12 Leases

The company recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of the future lease payments. The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis in line with the company's accounting policy for property, plant and equipment. The lease liabilities are recognised at amortised cost using the effective interest method. The discount rates used reflect the incremental borrowing rate specific to the lease.

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis, See Note 17.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

2. Accounting policies (continued)

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation.

2.14 Holiday pay

A provision for annual leave accrued by employees as a result of services rendered, and which employees are entitled to carry forward and use within the next 12 months is recognised in the current period. The provision is measured at the salary cost payable for the period of absence.

2.15 Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

2.16 Revenue recognition

The company enters into contracts with customers involving one performance obligation being the sale of flooring products. Revenue is recorded at transaction price being the amount of consideration to which the company equates to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, for example some sales or value added taxes in accordance with IFRS 15. Revenue from the sale of goods is recognised at a point in time when promised goods have been transferred to a customer at which point the performance obligation is considered to have been satisfied. The customer is considered to obtain control of the promised goods at the point of delivery.

The standalone selling price of the product sold to a customer is clearly determined from the contract entered into. The total transaction price is estimated as the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods after deducting trade discounts and volume rebates which create variability in the transaction price. In determining the variable consideration to be recognised, trade discounts and volume rebates are estimated based on the terms of the contractually agreed arrangements and the amount of consideration to which the group will be entitled in exchange for transferring the promised goods to the customer. Variable consideration is estimated using the 'most likely amount' method.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

2. Accounting policies (continued)

2.17 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

2.18 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Income Statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

2.19 Operating profit

Operating profit is stated after charging exceptional administrative costs but before finance costs.

2.20 Exceptional items

Exceptional costs are those that in the view of the directors, require separate disclosure by virtue of their size or incidence, and are charged/credited in arriving at operating profit in the Income Statement.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

2. Accounting policies (continued)

2.21 Retirement benefit costs

Defined benefit schemes

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise, net of the related deferred tax.

Administrative expenses incurred by the Trustees in connection with managing the Company's pension schemes are recognised in the Income Statement.

Defined contribution schemes

Assets of the scheme are held separately from those of the company in independently administered funds. Payments to defined contribution schemes are charged as an expense as they fall due.

2.22 Significant judgement in applying accounting policies and key estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an on-going basis. Actual results may differ from these estimates.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

Recognition of deferred tax assets

At each reporting period, the Directors make a judgement based on the forecast amount and timing of profitability, and recognises a deferred tax asset that in the judgement of the Directors, is recoverable.

Provision for impairment against inventories

Provisions are made for slow moving stock and stock items which have an expected net realisable value of less than the carrying value. The Directors apply judgement regarding expected future sales.

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

2. Accounting policies (continued)

2.22 Significant judgement in applying accounting policies and key estimation uncertainty (continued)

prices and volumes when assessing which stock lines are to be categorised as slow moving, and also those that are expected to be sold at a loss.

Discount rate for right of use assets

Following the transition to IFRS 16, the Company recognises lease liabilities on right-of-use assets at amortised cost using the effective interest method. The Directors apply judgement regarding discount rates used to reflect the incremental borrowing rate specific to the lease.

Key sources of estimation uncertainty

Defined benefit obligation

The Company has two defined benefit pension schemes. The obligations under the schemes are recognised in the Balance Sheet and represent the present value of the obligation calculated by independent actuaries, with input from the Directors. These actuarial valuations include assumptions such as discount rates, return on assets and mortality rates. These assumptions vary from time to time according to prevailing economic conditions.

Because of changing market and economic conditions, the expenses and liabilities actually arising under the scheme in the future may differ materially from the estimates made on the basis of the actuarial assumptions. The effects of any change to these assumptions are accounted for in the next financial period as other comprehensive income. The calculation of any charge relating to retirement benefits is clearly dependent on the assumptions used, which reflects the exercise of judgement. See further detail in note 19.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the Balance Sheet date was £4,170,000. See further detailed disclosure in note 9.

Credit loss provision

Expected credit losses are estimated by management, based on specific risk factors relating to key customer categories.

2.23 International Financial Reporting Standards (IFRS) adopted for the first time in the period

There were no new standards or amendments to standards adopted for the first time this period that had a material impact on the results for the company.

2.24 Future adoption of international financial reporting standards

At the date of authorisation of these financial statements, certain standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early by the Company. These standards are not expected to have a material impact on the results of the Company.

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

3. Turnover

Turnover from the sale of goods, analysed geographically between markets, was as follows:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
United Kingdom	68,496	70,316
Rest of Europe	7,087	6,767
Rest of World	6,040	5,058
	<u>81,623</u>	<u>82,141</u>

The whole of the Company's turnover is attributable to the company's principal activity.

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Depreciation of tangible assets	1,557	1,518
Depreciation on right-of-use assets	1,054	1,287
Foreign exchange losses	374	578
Exceptional charge	-	930
Auditor's remuneration – Fees payable to the Company's auditors for the audit of the Company's annual accounts	79	70
	<u>79</u>	<u>70</u>

For the prior period, exceptional costs of £930,000 arose as part of our commitment to improve our environmental footprint. The business changed a key raw material used in the manufacture of its rubber underlays over to a cleaner more environmentally friendly variant and the exceptional charge relates to the implementation of the new raw material. There is no such charge for the current period.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

5. Directors and employees

Staff costs, including directors, comprised the following:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Wages and salaries	11,100	11,096
Social security costs	1,142	1,099
Other pension costs (note 18)	1,100	1,120
Gross employment costs	<u>13,342</u>	<u>13,315</u>

The average number of employees of the Company (including directors) during the period was:

	52 weeks ended 1 April 2023 Number	52 weeks ended 2 April 2022 Number
Production	279	288
Management	7	8
Administrative	44	41
	<u>330</u>	<u>337</u>

Directors' remuneration comprised the following:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Emoluments	269	291
Pension contributions	68	115
	<u>337</u>	<u>406</u>

During the period 4 directors (2022: 4) had benefits accruing under defined contribution schemes.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

5. Directors and employees (continued)

The amounts set out above include remuneration in respect of the highest paid director as follows:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Directors emoluments (including amounts receivable under long term incentive schemes)	104	92
Pension contributions	19	28
	<u>123</u>	<u>120</u>

6. Interest receivable and similar income

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Retranslation of foreign cash balances	-	1
	<u>-</u>	<u>1</u>

7. Interest payable and similar charges

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
Unwinding of discount on leases	76	77
Net interest expense on defined benefit obligation	128	120
	<u>204</u>	<u>197</u>

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

8. Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

	52 weeks ended 1 April 2023 £'000	52 weeks ended 2 April 2022 £'000
UK Corporation tax		
- Current tax on profits for the period	532	695
- Adjustment in respect of previous periods	(538)	(195)
Total current tax	(6)	500
Deferred tax:		
- Origination and reversal of timing differences (note 19)	146	95
- Effect of changes in tax rates	39	65
- Adjustment in respect of previous periods	46	44
Tax on profit on ordinary activities	225	704

Tax on profit on ordinary activities

The tax assessed for the period is lower than (2022: lower than) the standard rate of corporation tax in the United Kingdom at 19% (2022: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	3,784	6,647
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2022: 19%)	719	1,263
Adjustments in respect of previous periods	(492)	(441)
Income not taxable	-	(32)
Effect of change in deferred tax rate	39	65
Transfer pricing adjustments	418	165
Effects of group relief/other reliefs	(532)	(336)
Expenses not deductible for tax purposes	73	17
Tax on profit on ordinary activities	225	704

Changes to the future tax rate

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at the year-end has been calculated at the rate substantially enacted at the balance sheet date being 25%.

Interfloor Limited

Notes to the Financial Statements
For the period ended 1 April 2023

9. Goodwill

	Goodwill £'000
Cost	
At 2 April 2022 and 1 April 2023	<u>7,946</u>
Accumulated impairment	
At 2 April 2022 and 1 April 2023	<u>3,776</u>
Carrying amount	
At 2 April 2022 and 1 April 2023	<u>4,170</u>

10. Tangible assets

	Freehold property £'000	Plant, equip- ment, sampling assets and vehicles £'000	Total £'000
Cost			
At 2 April 2022	5,302	25,077	30,379
Additions	92	1,065	1,157
Disposals	(9)	(1,421)	(1,430)
At 1 April 2023	<u>5,385</u>	<u>24,721</u>	<u>30,106</u>
Depreciation			
At 2 April 2022	3,104	18,767	21,871
Provided in the period	125	1,432	1,557
Disposals	(6)	(1,408)	(1,414)
At 1 April 2023	<u>3,223</u>	<u>18,791</u>	<u>22,014</u>
Net book amount at 1 April 2023	<u>2,162</u>	<u>5,930</u>	<u>8,092</u>
Net book amount at 2 April 2022	<u>2,198</u>	<u>6,310</u>	<u>8,508</u>

Assets not depreciated

Freehold land amounting to £781,000 (2022: £781,000) has not been depreciated.

Interfloor Limited

Notes to the Financial Statements
For the period ended 1 April 2023

11. Right of use assets

	Plant, equip- ment, sampling assets and vehicles £'000	Total £'000
Cost		
At 2 April 2022	4,147	4,147
Additions	2,251	2,251
Terminations	(1,750)	(1,750)
At 1 April 2023	4,648	4,648
Depreciation		
At 2 April 2022	2,160	2,160
Provided in the period	1,054	1,054
Terminations	(1,750)	(1,750)
At 1 April 2023	1,464	1,464
Net book amount at 1 April 2023	3,184	3,184
Net book amount at 2 April 2022	1,987	1,987

12. Investments

	2023 £'000	2022 £'000
Investments in subsidiaries	8	8
	<u>8</u>	<u>8</u>

At 1 April 2023, the Company had interest in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Stikatak Limited	Ordinary	100%	United Kingdom	Dormant
Tacktrim Limited	Ordinary	100%	United Kingdom	Dormant

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

13. Stocks

	2023 £'000	2022 £'000
Raw materials	4,833	5,292
Work in progress	58	52
Finished goods	4,014	4,341
	<u>8,905</u>	<u>9,685</u>

There is no significant difference between the replacement cost of stock and its carrying amount. Stock write downs recognised in cost of sales during the period as an expense was £111,000 (2022: £38,000).

14. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade debtors	5,036	6,446
Amounts due from group undertakings	52,383	50,519
Other debtors	1	5
Prepayments and accrued income	826	659
	<u>58,246</u>	<u>57,629</u>
	2023 £'000	2022 £'000
Amounts falling due after more than one year		
Deferred tax (Note 19)	399	953
	<u>399</u>	<u>953</u>

The Company does not expect credit losses arising from subsidiaries to be a material amount.

The main factors in assessing the appropriate allowance for doubtful debt and credit losses are the age of the balances held and the profile of the customers. Furthermore, specific trade receivables are written-off when there is considered to be little likelihood of recovering the debt. The Directors consider that the carrying amount of all receivables, including those impaired, approximates to their fair value. Amounts due from group undertakings are unsecured and repayable on demand and are not subject to interest.

15. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	9,872	12,203
Amounts owed to group undertakings	8	8
Taxation and social security	1,626	1,951
Corporation tax	1,102	1,107
Accruals and deferred income	2,243	2,294
	<u>14,851</u>	<u>17,563</u>

Interfloor Limited

Notes to the Financial Statements
For the period ended 1 April 2023

16. Obligations under right-of-use leases –current

	2023 £'000	2022 £'000
Obligations under right-of-use assets	<u>929</u>	<u>775</u>

17. Obligations under right-of-use leases – non-current

	2023 £'000	2022 £'000
Obligations under right-of-use assets	<u>2,148</u>	<u>1,036</u>

Maturity of right-of-use leases are as follows:

	2023 £'000	2022 £'000
Within one year	929	775
In two to five years	<u>2,148</u>	<u>1,036</u>
Lease liabilities in the financial statements	<u>3,077</u>	<u>1,811</u>

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

The expense relating to payments not included in the measurement of lease liability is as follows:

	2023 £'000	2022 £'000
Short-term leases	<u>146</u>	<u>164</u>
	<u>146</u>	<u>164</u>

18. Retirement benefits

Defined contribution schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,092,000 (2022: £1,120,000).

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

18. Retirement benefits (continued)

Defined benefit schemes

The Company sponsors the Interfloor Limited Final Salary Scheme (“the Main Scheme”) and the Interfloor Limited Executive Scheme (“the Executive Scheme”) which are both defined benefit arrangements. The defined benefit schemes are administered by a separate fund that is legally separate from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

The last full actuarial valuations of these schemes were carried out by a qualified independent actuary as at 31 July 2021.

The contributions made by the employer over the financial period were £213,000 (2022: £136,000) in respect of the Main Scheme and £nil (2022: £nil) in respect of the Executive Scheme.

Contributions to the Executive and Main Schemes are made in accordance with the Schedule of Contributions. Future contributions are expected to be an annual premium of £213,000 in respect of the Main Scheme and £nil in respect of the Executive Scheme. These payments are in line with the certified Schedules of Contributions until they are reviewed on completion of the triennial valuations of the schemes as at 1 August 2024.

As both schemes are closed to future accrual there will be no current service cost in future periods.

The defined benefit schemes typically expose the company to actuarial risks such as investment risk, interest rate risk and longevity risk.

Investment risk	The present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the returns on schemes' assets are below this rate, it will create a scheme deficit. Due to the long-term nature of the schemes' liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme's assets should be invested in equity securities to leverage the return generated by the funds.
Interest risk	A decrease in the bond interest rate will increase the schemes' liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the schemes' participants will increase the schemes' liability.

The present value of the defined benefit liabilities were measured using the projected unit credit method.

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

18. Retirement benefits (continued)

Principal actuarial assumptions (expressed as weighted averages) at the Balance Sheet date were as follows:

	2023 %	2022 %
Discount rate	4.6	2.7
Revaluation rate of deferred pensioners of CPI or 5% p.a. if less	2.8	3.2
Pension in payment increases of RPI or 5% p.a. if less	3.3	3.7
Pension in payment increases of CPI or 3% p.a. if less	2.2	2.4
Inflation (RPI)	3.5	4.0
Inflation (CPI)	2.8	3.2

The assumptions relating to longevity underlying the pension liabilities at the Balance Sheet date are based on 110% of the standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.2 years (male), 23.6 years (female).
- Future retiree (aged 45) upon reaching 65: 22.1 years (male), 24.7 years (female).

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2023 £'000	2022 £'000
Net interest expense	128	121
Settlement costs	-	-
Components of defined benefit costs recognised in profit or loss	128	121

The net interest expense has been included within interest payable and similar charges (see note 8). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the Statement of Comprehensive Income are as follows:

	2023 £'000	2022 £'000
The return on plan assets (excluding amounts included in net interest expense)	(6,210)	621
Actuarial losses arising from changes in demographic assumptions	-	(491)
Actuarial losses arising from changes in financial assumptions	7,563	1,436
Remeasurement of the net defined benefit liability	1,353	1,566

Interfloor Limited

Notes to the Financial Statements

For the period ended 1 April 2023

18. Retirement benefits (continued)

The amount included in the Balance Sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(21,159)	(29,202)
Fair value of plan assets	17,727	24,332
Net liability arising from defined benefit obligations	(3,432)	(4,870)
Deferred tax applied to net obligation (see note 19)	858	1,218

Movements in the present value of defined benefit obligations in the period were as follows:

	2023 £'000	2022 £'000
Opening benefit obligation	29,202	31,156
Past Service Cost	-	-
Gains on Settlements/Curtailments	-	-
Interest cost	769	577
Remeasurement (gains)/losses:		
Actuarial gains arising from changes in demographic assumptions	-	491
Actuarial (gains)/losses arising from changes in financial assumptions	(7,563)	(1,436)
Actuarial gains arising from experience adjustments	-	-
Benefits paid	(1,249)	(1,586)
Closing defined benefit obligation	21,159	29,202

Interfloor Limited

Notes to the Financial Statements
For the period ended 1 April 2023

18. Retirement benefits (continued)

Movements in the fair value of plan assets in the period were as follows:

	2023 £'000	2022 £'000
Opening fair value of plan assets	24,332	24,705
Income interest	641	456
Remeasurement gains/(losses):		
The return on plan assets (excluding amounts included in the net interest expense)	(6,210)	621
Benefits paid and expenses	(1,249)	(1,586)
Contributions by the Company	213	136
Closing fair value of plan assets	17,727	24,332

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2023 £'000	2022 £'000
Cash and cash equivalents	368	433
LDI	5,347	3,389
Equities	5,545	7,470
Property	1,308	1,515
Multi-Asset Credit Funds	2,894	5,905
Corporate Bonds	74	3,328
Diversified Growth Funds	2,191	2,292
Closing fair value of plan assets	17,727	24,332

None of the fair values of the assets shown above include any of the employers' own financial instruments or any property occupied by, or other assets used by, the employer.

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

18. Retirement benefits (continued)

All of the schemes assets have a quoted market price in an active market.

The actual return on plan assets was a loss of £5,569,000 (2022: gain £1,078,000).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.5% (2022: 0.5%) per annum, the defined benefit obligation would increase by 6.7% (2022: 8.3%).

If the rate of inflation increases by 0.5% (2022: 0.5%) per annum, the defined benefit obligation would increase by 4.6% (2022: 5.2%).

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by 3.5% (2022: 4.3%).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior periods.

The Company expects to make a contribution of £213,000 (2022: £213,000) to the defined benefit schemes during the next financial year.

19. Deferred tax

Deferred tax is provided for at 25% (2022: 25%) in the financial statements and consists of the following:

	2023 £'000	2022 £'000
Accelerated capital allowances	(481)	(291)
Retirement benefit obligations	858	1,218
Other timing differences	22	26
	<u>399</u>	<u>953</u>

Interfloor Limited

Notes to the Financial Statements For the period ended 1 April 2023

19. Deferred tax (continued)

The amount of deferred tax recognised in profit or loss was as follows:

	2023 £'000	2022 £'000
Balance at beginning of period	953	1,177
Recognised in Profit and Loss account	(185)	(160)
Adjustment in respect of prior periods	(46)	(44)
Recognised in Other Comprehensive Income	(323)	(20)
Balance at end of period	<u>399</u>	<u>953</u>

20. Share capital

	2023 £'000	2022 £'000
Authorised, allotted and fully paid:		
1 Ordinary share of \$1	-	-
6,000,300 Deferred shares of £0.25 each	<u>1,500</u>	<u>1,500</u>
	<u>1,500</u>	<u>1,500</u>

The deferred ordinary shares are not entitled to any participation in the profits of the Company and are not entitled to participate in any assets of the Company other than after the holders of every other class of shares in the capital of the Company have received a sum of £10,000,000,000 in respect of each share (other than deferred shares) held by them. None of the deferred shares carry any right to receive notice of or attend and vote at any general meeting of the Company. For this reason the Directors consider it appropriate to classify the deferred shares as equity.

21. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve – gains/losses arising on the revaluation of the Company's property, plant and equipment (other than investment property) prior to transition to FRS 101. This reserve is not a distributable reserve.

Profit and loss account – includes all current and prior period retained profits and losses.

22. Capital commitments

At the end of the period the Company had capital commitments for plant and machinery of £56,000 (2022: £68,000) that were not provided for.

Notes to the Financial Statements
For the period ended 1 April 2023

23. Related party disclosures

Transactions with group companies

As permitted by FRS 101 related party transactions with wholly owned members of the Victoria Plc group have not been disclosed.

24. Ultimate parent company and control

The Company is controlled by its immediate parent company Interfloor Operations Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Victoria Plc, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company Victoria Plc. The consolidated accounts of Victoria Plc are available from www.victoriapl.com and are available from Companies House.

25. Contingent liabilities

During the period ended 3 April 2021 the parent company, Victoria Plc, refinanced its €500 million 2024 bonds and announced two new bond issuances of €500 million maturing in August 2026, and €250 million maturing in March 2028. The new coupon rates are 3.625% and 3.75% on the 2026 and 2028 bonds, respectively.

Victoria Plc also has a variable rate £150m multi-currency revolving credit facility (RCF) maturing in 2026.

These notes and the revolving credit facility are guaranteed by certain of Victoria Plc's subsidiaries, including Interfloor Limited.