

Registered number: 00897076

INTERIOR PRODUCTS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



INTERIOR PRODUCTS GROUP LIMITED

COMPANY INFORMATION

Directors	D W Johnston D J Morris J M O Morris C G Sharp
Registered number	00897076
Registered office	Madoc Works Henfaes Lane Welshpool Powys SY21 7BE
Independent auditor	MHA Rutland House 148 Edmund Street Birmingham B3 2FD

INTERIOR PRODUCTS GROUP LIMITED

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INTERIOR PRODUCTS GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic report to the financial statements for the year ended 31 December 2022.

Business review

During 2022 the Company continued to thrive. Turnover grew ahead of expectations and with the management of margins and costs the business achieved a pleasing level of profitability.

The Company continued to expand into new markets and to develop new products while making significant investments in the latest equipment. New sales channels were identified and contributed towards the growth of sales and continued to reduce reliance on a particular group of customers or particular market segment. At the start of the year the Company had an average of 208 employees and by the end of the year the number increased to 209.

The Company continues to fund its closed defined benefit pension scheme at a level which will eliminate any deficit or surplus over an agreed period. This deficit or surplus is recognised in the Company's balance sheet and is subject to the volatility inherent in the accounting valuation from year to year.

Principal risks and uncertainties

The risks facing the Company are constantly monitored and assessed.

The Company's business activities, financial condition and trading results could be affected by any or all of the following risks and uncertainties:

General business conditions and economy

The Directors are of the opinion that the principal risks facing the Company relate to the wider economic conditions, in particular global inflationary pressures which will influence raw material costs, pricing and an anticipated growth in the demand for its products.

The Company seeks to manage these risks by maintaining an appropriate spread of market segments, product range, supplier base, production systems and active cash management.

Information Systems

The Company is reliant upon a number of business systems which, if disrupted for any length of time due to damage or interruption from loss of power, failure of telecommunications, sabotage or vandalism could have an adverse effect on the efficient running of the Company's business. As part of its Business Continuity Plan the Company has put in place a number of contingency plans, utilising the Company's multi-site set up and access to cloud based IT support, to ensure that such system failures could not adversely affect the efficient running of the Company's business.

Health and safety

In common with all manufacturing businesses the factory environment exposes the Company to health and safety risk. The Directors take the health and safety of its employees and any third party on its sites very seriously and are mindful of health and safety regulatory compliance. Consequently, they have in place stringent policies and procedures which are appropriately communicated and monitored by a designated Health and Safety Compliance Officer.

INTERIOR PRODUCTS GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company.

Credit risk

The Company operates procedures that require appropriate credit checks on potential customers before sales are made. Credit insurance is taken out on major debtors, where available, with credit insurers and credit limits are set in accordance with that insurance. The amount of exposure to any uninsured debtors is also subject to an appropriate limit, which is reassessed on an ongoing basis by using appropriate Credit Reference Agencies.

Currency risk

The Company's principal currency exposures are to the Euro and US Dollar. The Company has something of a natural hedge for much of its currency risk as it has sales and purchases in both currencies. When there is an imbalance in the natural hedge for both currencies and this is managed through other hedging techniques such as, but not limited to, forward foreign exchange contracts. The Company continues to monitor potential exposures to risks, and considers effective risk management solutions.

Liquidity risk

Liquidity risk relates to the Company having sufficient financial resources to pay for the goods and services required to operate.

The Directors are confident that the banking and financing facilities currently in place are more than adequate for the Company's working capital requirements and that the Company will have sufficient available funds for operations, planned expansions and any other opportunity that may arise.

Interest rate risk

The Company maintains a mix of fixed and variable rate borrowing, all of which are linked to Bank of England Base Rate. The Directors are of the opinion that the Company benefits from competitive interest rates, in comparison to industry averages, by virtue of its strong balance sheet and profitability. The proportions of fixed and variable rate borrowings and any hedging requirement are constantly reviewed in the light of current and anticipated Money Market movements.

Financial key performance indicators

The Balance Sheet of the business remains strong and profits have been strong over the period. The Statement of Comprehensive Income, Balance Sheet, and associated notes (as detailed on the following pages) adequately show the development, performance and position of the Company over the course of the year ended 31 December 2022. The principal financial KPI's that are monitored on a daily, weekly and monthly basis are the cash position of the business, the turnover and profitability all of which exceeded a challenging budget.

Other key performance indicators

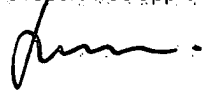
The Company has a policy to protect the environment wherever it operates or sources materials, with KPI's being used to measure the proportion of timber purchased from forests that are well managed environmentally according to the Forest Stewardship Council (FSC) Standards.

In addition, other non financial areas of the business such as customer service, staff productivity and wellbeing indicators are considered key to the business and are also monitored using KPI's.

INTERIOR PRODUCTS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 27/06/23 and signed on its behalf.


J M O Morris
Director

INTERIOR PRODUCTS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £3,316,845 (2021 - £2,483,551).

During the year dividends of £375,782 were declared and paid of which £25,782 were in relation to a transfer of an investment to the parent treated as distributions (2021: £2,597,351 dividends were declared and paid relating to a transfer of assets to the parent treated as distributions).

Directors

The Directors who served during the year were:

D W Johnston
D J Morris
J M O Morris
C G Sharp

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Future developments

Trading during 2022 was satisfactory and with careful control over costs produced a pleasing result, the Directors' projections for 2023 have been to expect a reasonable amount of growth in sales and the maintenance of profitability.

INTERIOR PRODUCTS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Qualifying third party indemnity provisions

The Company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

Going Concern

After making enquiries and considering trading expectations and cashflow forecasts for the next 12 months together with cash balances and available financing facilities, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

The auditor, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **27/06/23** and signed on its behalf.



**J M O Morris
Director**

INTERIOR PRODUCTS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERIOR PRODUCTS GROUP LIMITED

Opinion

We have audited the financial statements of Interior Products Group Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

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 United Kingdom, including the Financial Reporting Council'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

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.

INTERIOR PRODUCTS GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERIOR PRODUCTS GROUP LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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' Responsibilities Statement set out on page 4, 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.

INTERIOR PRODUCTS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERIOR PRODUCTS GROUP LIMITED (CONTINUED)

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.

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:

- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for evidence of management bias;
- Reviewing minutes of meetings of those charged with governance and management; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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.



Christopher Barlow BFP FCA FCCA (Senior Statutory Auditor)
for and on behalf of
MHA, Statutory auditor
Birmingham, United Kingdom
Date: 27 June 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

INTERIOR PRODUCTS GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	41,358,311	32,864,058
Cost of sales		(30,421,827)	(23,823,974)
Gross profit		10,936,484	9,040,084
Distribution costs		(1,878,346)	(1,622,465)
Administrative expenses		(5,102,698)	(4,667,979)
Other operating income	5	17,144	14,964
Operating profit	6	3,972,584	2,764,604
Interest receivable and similar income	10	1,466	245
Interest payable and similar expenses	11	(59,472)	(9,058)
Other finance costs	12	(71,000)	(81,000)
Profit before tax		3,843,578	2,674,791
Tax on profit	13	(526,733)	(191,240)
Profit for the financial year		3,316,845	2,483,551
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme		2,365,000	1,395,000
Movement of deferred tax relating to pension deficit		(591,250)	(265,050)
Other comprehensive income for the year		1,773,750	1,129,950
Total comprehensive income for the year		5,090,595	3,613,501

The notes on pages 13 to 37 form part of these financial statements.

INTERIOR PRODUCTS GROUP LIMITED
REGISTERED NUMBER: 00897076

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	2,274,438	1,846,844
Investments	16	40,342	66,124
		<u>2,314,780</u>	<u>1,912,968</u>
Current assets			
Stocks	17	7,232,204	9,000,406
Debtors	18	9,455,368	8,655,670
Cash at bank and in hand	19	2,953,684	455,120
		<u>19,641,256</u>	<u>18,111,196</u>
Creditors: amounts falling due within one year	20	(6,187,578)	(6,318,154)
Net current assets		<u>13,453,678</u>	<u>11,793,042</u>
Total assets less current liabilities		<u>15,768,458</u>	<u>13,706,010</u>
Creditors: amounts falling due after more than one year	21	(270,358)	(198,303)
Provisions for liabilities			
Deferred tax	24	(416,763)	(367,183)
Net assets excluding pension liability		<u>15,081,337</u>	<u>13,140,524</u>
Pension liability	28	(1,141,000)	(3,915,000)
Net assets		<u><u>13,940,337</u></u>	<u><u>9,225,524</u></u>
Capital and reserves			
Called up share capital	25	1,015,000	1,015,000
Pension benefit reserve	26	(2,843,290)	(4,617,040)
Profit and loss account	26	15,768,627	12,827,564
		<u><u>13,940,337</u></u>	<u><u>9,225,524</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


J M O Morris
Director

27/06/2023

The notes on pages 13 to 37 form part of these financial statements.

INTERIOR PRODUCTS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Pension benefit reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	1,015,000	(4,617,040)	12,827,564	9,225,524
Comprehensive income for the year				
Profit for the year	-	-	3,316,845	3,316,845
Actuarial gains on pension scheme	-	-	2,365,000	2,365,000
Deferred tax movements	-	-	(591,250)	(591,250)
Other comprehensive income for the year	-	-	1,773,750	1,773,750
Total comprehensive income for the year	-	-	5,090,595	5,090,595
Contributions by and distributions to owners				
Dividends	-	-	(375,782)	(375,782)
Transfer from profit and loss account	-	1,773,750	(1,773,750)	-
Total transactions with owners	-	1,773,750	(2,149,532)	(375,782)
At 31 December 2022	1,015,000	(2,843,290)	15,768,627	13,940,337

The notes on pages 13 to 37 form part of these financial statements.

INTERIOR PRODUCTS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Pension benefit reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	1,015,000	(5,746,990)	12,941,364	8,209,374
Comprehensive income for the year				
Profit for the year	-	-	2,483,551	2,483,551
Actuarial gains on pension scheme	-	-	1,395,000	1,395,000
Deferred tax movements	-	-	(265,050)	(265,050)
Other comprehensive income for the year	-	-	1,129,950	1,129,950
Total comprehensive income for the year	-	-	3,613,501	3,613,501
Contributions by and distributions to owners				
Assets transferred to parent treated as distributions	-	-	(2,597,351)	(2,597,351)
Transfer from profit and loss account	-	1,129,950	(1,129,950)	-
Total transactions with owners	-	1,129,950	(3,727,301)	(2,597,351)
At 31 December 2021	1,015,000	(4,617,040)	12,827,564	9,225,524

The notes on pages 13 to 37 form part of these financial statements.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Interior Products Group Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. Its registered office is located at Madoc Works, Henfaes Lane, Welshpool, Powys, SY21 7BE.

The principal activities are the manufacture and sale of timber-based fit out products including laminated panels, architectural profiles and doors; and the manufacture and sale of wallcoverings.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of John Morris Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Madoc Works, Henfaes Lane, Welshpool, Powys, SY21 7BE.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Going concern

After making enquiries and considering trading expectations and cashflow forecasts for the next 12 months together with cash balances and available financing facilities, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in an independently administered fund.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10% straight line (2021: 15% reducing balance)
Motor vehicles	- 20% straight line (2021: 33% reducing balance)
Office equipment	- 33% straight line (2021: 30% straight line)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.16 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the Standard Cost of raw materials, work in progress and finished goods as adjusted by variances to actual costs of materials, labour and overheads incurred.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.22 Provisions for liabilities

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 Balance Sheet.

2.23 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. During the year, management have reassessed the fixed asset depreciation policy as referred to in note 2.15.

Stock

Certain factors could affect the net realisable value of the Company's stocks, including customer demand and market conditions. The Company considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value.

Defined benefit pension scheme

The directors have appointed Atkin Pension to provide advice relating to the Newmor Group Limited Retirement Benefits Scheme ("the Scheme") in respect of the accounting disclosures required under Section 28 of FRS 102. Assumptions applied to the valuation of the defined benefit scheme have been detailed within note 28, which are subjective and on which the directors have based advice from the scheme actuaries and advisers.

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

The whole of the turnover is attributable to the manufacture and sale of timber-based fit out products including laminated panels, architectural profiles and doors; and the manufacture and sale of wallcoverings.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	37,652,728	29,237,580
Rest of Europe	2,105,594	1,875,141
Rest of the world	1,599,989	1,751,337
	<u>41,358,311</u>	<u>32,864,058</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	<u>17,144</u>	<u>14,964</u>

In the current year £17,144 was received in relation to other government grants and in the prior year £14,964 was received in relation to the coronavirus job retention scheme.

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Loss on disposal of tangible fixed assets	516	36,710
Depreciation on tangible fixed assets	374,966	303,388
Exchange differences	(6,277)	50,466
Other operating lease rentals	151,041	119,664
Defined contribution pension cost	<u>359,521</u>	<u>325,459</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	25,750	20,000
The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.		

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	5,885,209	4,871,162
Social security costs	578,701	548,051
Cost of defined contribution scheme	180,511	325,459
	<u>6,644,421</u>	<u>5,744,672</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Production	149	150
Sales and Administration	60	58
	<u>209</u>	<u>208</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	225,555	314,321
Company contributions to defined contribution pension schemes	7,643	15,974
	<u>233,198</u>	<u>330,295</u>

During the year retirement benefits were accruing to 4 Directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £96,802 (2021 - £95,613).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,643 (2021 - £8,843).

Key management personnel is defined as the directors of the company.

10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	<u>1,466</u>	<u>245</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	13,966	3,669
Other loan interest payable	45,506	5,389
	<u>59,472</u>	<u>9,058</u>

12. Other finance costs

	2022 £	2021 £
Net interest on defined pension scheme liability	<u>71,000</u>	<u>81,000</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	480,609	439,475
Adjustments in respect of previous periods	(3,456)	(233,748)
Total current tax	477,153	205,727
Deferred tax		
Origination and reversal of timing differences	49,580	(14,487)
Taxation on profit on ordinary activities	526,733	191,240

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	3,843,578	2,674,791
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	730,280	508,210
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,698	20,440
Capital allowances for year in excess of depreciation	(86,631)	(26,041)
Adjustments to tax charge in respect of prior periods	(3,456)	(233,748)
Short-term timing difference leading to a (decrease) in taxation	-	(14,487)
Research and development tax credit	(58,661)	-
Other differences leading to an increase in the tax charge	17,300	6,976
Defined benefit pension contribution adjustment	(77,797)	(70,110)
Total tax charge for the year	526,733	191,240

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Taxation (continued)**Factors that may affect future tax charges**

In the spring budget 2021, the UK Government announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023.

14. Dividends

	2022 £	2021 £
Assets transferred to parent treated as distributions	25,782	2,597,351
Dividends paid	350,000	-
	<u>375,782</u>	<u>2,597,351</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2022	50,975	6,309,147	92,463	1,633	6,454,218
Additions	-	707,663	5,750	95,107	808,520
Disposals	-	(148,159)	(1,351)	-	(149,510)
At 31 December 2022	50,975	6,868,651	96,862	96,740	7,113,228
Depreciation					
At 1 January 2022	6,274	4,538,476	62,461	163	4,607,374
Charge for the year	4,453	358,845	8,247	3,421	374,966
Disposals	-	(142,200)	(1,350)	-	(143,550)
At 31 December 2022	10,727	4,755,121	69,358	3,584	4,838,790
Net book value					
At 31 December 2022	40,248	2,113,530	27,504	93,156	2,274,438
At 31 December 2021	44,701	1,770,671	30,002	1,470	1,846,844

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	564,607	578,237

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Fixed asset investments

	Investments in subsidiary and joint venture companies £
Cost	
At 1 January 2022	66,124
Disposals	(25,782)
At 31 December 2022	<u>40,342</u>

On 21 November 2022 the entity disposed of its investment in Newmor Polska via a dividend in specie. There was no gain or loss on the transfer of the investment.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Designsingle Limited	Madoc Works, Henfaes Lane, Welshpool, Powys, Wales, SY21 7YE	Ordinary	100%
Newmor Group Limited	Madoc Works, Henfaes Lane, Welshpool, Powys, Wales, SY21 7YE	Ordinary	100%
Newmor Limited	Madoc Works, Henfaes Lane, Welshpool, Powys, Wales, SY21 7YE	Ordinary	100%
Newmor Wallcoverings LLC	Al Mashora Building, Office 110 Nadd Al Hamar, Dubai	Ordinary	49%

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Designsingle Limited	(498,154)	-
Newmor Group Limited	1	-
Newmor Limited	1	-
Newmor Wallcoverings LLC	(787,940)	(91,445)

17. Stocks

	2022 £	2021 £
Raw materials and consumables	4,350,682	6,066,235
Work in progress	132,995	35,470
Finished goods and goods for resale	2,186,429	1,837,410
Stock in transit	562,098	1,061,291
	<u>7,232,204</u>	<u>9,000,406</u>

The carrying value of stocks are stated net of impairment losses totalling £101,797 (2021 - £325,000). Impairment losses totalling £117,000 (2021 - £455,612) were recognised in profit and loss.

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Debtors

	2022 £	2021 £
Due after more than one year		
Deferred tax asset (note 24)	222,710	813,960
Due within one year		
Trade debtors	5,494,706	4,367,281
Amounts owed by group undertakings	3,104,919	3,123,894
Other debtors	230,334	91,869
Prepayments and accrued income	402,699	258,666
	<u>9,455,368</u>	<u>8,655,670</u>

Amounts owed by group undertakings are unsecured with no interest payable on the outstanding balances. There is no fixed date of repayments and the balances are repayable on demand.

An impairment loss of £97,288 (2021: £25,856) was recognised in the profit and loss against trade debtors.

19. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>2,953,684</u>	<u>455,120</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade finance facility	-	456,529
Trade creditors	2,384,168	2,259,029
Amounts owed to group undertakings	201,337	287,503
Corporation tax	424,614	266,948
Other taxation and social security	1,107,347	937,665
Obligations under finance lease and hire purchase contracts	233,002	95,562
Other creditors	900,610	520,840
Accruals and deferred income	936,500	1,494,078
	<u>6,187,578</u>	<u>6,318,154</u>

Amounts owed to group undertakings are unsecured with no interest payable on the outstanding balances. There is no fixed date of repayment and the balances are repayable on demand.

The following liabilities were secured:

	2022 £	2021 £
Obligations under finance lease and hire purchase contracts	386,865	95,562
Trade finance facility	-	456,529
	<u>386,865</u>	<u>552,091</u>

Details of security provided:

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

The trade finance facility is secured by a fixed and floating charge over the Company's assets.

21. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	<u>270,358</u>	<u>198,303</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Trade finance facility	-	456,529

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022	2021
	£	£
Within one year	233,002	95,562
Between 1-5 years	270,358	198,303
	503,360	293,865

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

24. Deferred taxation

	2022 £	2021 £
At beginning of year	446,777	697,340
(Charge)/Credit to profit or loss	(49,580)	14,487
(Credit) to other comprehensive income	(591,250)	(265,050)
At end of year	(194,053)	446,777

The deferred tax balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(416,764)	(367,184)
Timing difference on defined benefit pension scheme	222,711	813,961
	(194,053)	446,777

Comprising:

Asset - due after one year	222,710	813,960
Liability	(416,763)	(367,183)
	(194,053)	446,777

25. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
15,000 (2021 - 15,000) Ordinary shares of £1.00 each	15,000	15,000
1,000,000 (2021 - 1,000,000) Preference shares of £1.00 each	1,000,000	1,000,000
	1,015,000	1,015,000

The company has the right to redeem the redeemable preference shares at par value upon giving notice.

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Reserves

Pension benefit reserve

The pension benefit reserve is used to show cumulative actuarial gains/losses on the defined benefit pension scheme separately from the Company's profit and loss reserve.

Profit and loss account

The profit and loss account represents accumulated undistributed retained profits since incorporation.

27. Capital commitments

At 31 December 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	<u>383,100</u>	<u>512,460</u>

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Pension commitments

The Company operates a defined contributions 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 £359,521 (2021: £325,459). Contributions totalling £39,720 were payable to the fund at the balance sheet date and are included in creditors.

The Company operates a Defined Benefit Pension Scheme.

The Company operates a pension scheme (Newmor Group Limited Retirement Benefits Scheme) providing defined benefits for employees with pensionable service before July 2005. The scheme is closed to new entrants. Benefits earned after that date are on a defined contribution basis and these benefits have been excluded below. The date of the most recent actuarial valuation was at 31 January 2023.

Reconciliation of present value of plan liabilities:

	2022 £	2021 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	(18,041,000)	(18,245,000)
Interest cost	(346,000)	(268,000)
Actuarial (gains)/losses	6,241,000	(227,000)
Benefits paid	572,000	699,000
At the end of the year	(11,574,000)	(18,041,000)

Reconciliation of present value of plan assets:

	2022 £	2021 £
At the beginning of the year	14,126,000	12,566,000
Interest income	275,000	187,000
Actuarial (losses)/gains	(3,876,000)	1,622,000
Contributions	480,000	450,000
Benefits paid	(572,000)	(699,000)
At the end of the year	10,433,000	14,126,000

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Pension commitments (continued)

Composition of plan assets:

	2022 £	2021 £
Equity	1,940,000	3,651,000
Bonds	1,638,000	3,143,000
Liability driven investments	3,610,000	1,311,000
Alternative investments	1,857,000	2,763,000
Absolute return funds	1,388,000	-
Property	-	663,000
Cash	-	30,000
Dynamic strategies	-	2,565,000
Total plan assets	10,433,000	14,126,000

The actual return on scheme assets was £3,601,000 loss (2021: £1,809,000 gain). This comprised of £275,000 interest income (2021: £187,000) and £3,876,000 actuarial losses on plan assets (2021: £1,622,000 gain).

	2022 £	2021 £
Fair value of plan assets	10,433,000	14,126,000
Present value of plan liabilities	(11,574,000)	(18,041,000)
Net pension scheme liability	(1,141,000)	(3,915,000)

The amounts recognised in profit or loss are as follows:

	2022 £	2021 £
Interest on obligation and other expenses	(346,000)	(268,000)
Interest income on plan assets	275,000	187,000
Total	(71,000)	(81,000)

INTERIOR PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Pension commitments (continued)

The amount recognised in the statement of other comprehensive income are as follows:

	2022 £	2021 £
Actuarial gain on plan assets	(3,876,000)	1,622,000
Actuarial loss on defined benefit obligation	6,241,000	(227,000)
	<u>2,365,000</u>	<u>1,395,000</u>

The Company expects to contribute £480,000 to its Defined Benefit Pension Scheme in 2023.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022 %	2021 %
Discount rate	4.7	1.95
Price inflation (RPI)	3.35	3.5
Price inflation (CPI)	2.85	3.05
Mortality rates		
- for a male aged 65 now	20.1	20.8
- at 65 for a male aged 45 now	21	21.9
- for a female aged 65 now	22.6	23.1
- at 65 for a female member aged 45 now	23.8	24.3

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2022 £	2021 £	2020 £	2019 £	2018 £
Defined benefit obligation	(11,574,000)	(18,041,000)	(18,245,000)	(17,197,000)	(15,664,000)
Related deferred tax asset	222,710	813,960	1,079,010	683,810	521,220
Scheme assets	10,433,000	14,126,000	12,566,000	13,598,000	12,598,000
	<u>(918,290)</u>	<u>(3,101,040)</u>	<u>(4,599,990)</u>	<u>(2,915,190)</u>	<u>(2,544,780)</u>
Deficit					

INTERIOR PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	24,092	20,758
Later than 1 year and not later than 5 years	4,079	32,938
	<u>28,171</u>	<u>53,696</u>

30. Related party transactions

The Company has taken advantage of the exemption available in section 33.1A of FRS 102 and has not disclosed transactions between wholly owned members of the Group.

Newmor Polska, a 50% joint venture of the Company, purchased goods of £367,073 and made sales of £Nil to the Company during the year. At the year end, Interior Products Group Limited had a related party debtor balance of £3,111.

Newmor Wallcovering LLC, a 49% subsidiary of the Company, purchased goods of £458,332 and made sales of £Nil to the Company during the year. At the year end, Interior products Group Limited had a related party debtor balance of £777,714 and a related party creditor balance of £96.

31. Controlling party

The Company's ultimate parent is John Morris Holdings Limited.

The Company is under the control of J.M.O. Morris, Director, by virtue of his shareholding in the above ultimate parent undertaking.