COMPANY ANNOUNCEMENT

FOR IMMEDIATE RELEASE

30 October 2020

Likewise Group PLC

Re: Publication of Annual Report & Accounts for the Year Ended 31 December 2019

Likewise Group Plc (the "Company") in accordance with Rule 4.6.1 of the Listing Rules of The International Stock Exchange Authority Limited announces its Annual Report and Audited Financial Statements for the year ended 31 December 2019 (the "Annual Results").

The Company hereby announces that notice has been given to shareholders of the annual general meeting ("AGM") to be held at 10:00am on Wednesday 25 November 2020 at Unit 6, Topaz Business Park, Birmingham Road, Bromsgrove. B61 0GD.

A copy of the Annual Results along with the AGM notice is attached to and forms part of this announcement.

Roy Povey

Company Secretary
Roy.povey@likewiseplc.com

COMPANY REGISTRATION NUMBER: 08010067

LIKEWISE GROUP PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

LIKEWISE GROUP PLC

Financial statements

Year ended 31 December 2019

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LIKEWISE GROUP PLC

Officers and professional advisers

The board of directors	R Povey P P S Bassi A J Brewer A J W Simpson
Company secretary	R Povey
Registered office	Unit 6 Topaz Business Park Birmingham Road Bromsgrove B61 0GD
Auditors	Crowe U.K. LLP Chartered Accountants & statutory auditor 55 Ludgate Hill London EC4M 7JW

LIKEWISE GROUP PLC

Strategic report

Year ended 31 December 2019

Introduction

The directors present their Strategic Report and the audited financial statements of the Company for the year ended 31 December 2019. During the prior period the accounting period was extended to align with the trading subsidiaries and therefore the comparative figures are for the 18 months ended 31 December 2018.

Group overview

Likewise Group Plc is a distributor of floorcoverings and matting and has the opportunity to consolidate the domestic and commercial floorcovering markets to become one of the UK's largest distributors in this sector.

On 11 January 2019, the Company listed on The International Stock Exchange (TISE) and the directors believe that this public listing will provide a source of capital from which the Group can execute its growth strategy, raise the profile of the Group and provide the ability to incentivise key employees.

Likewise Group Plc intends to utilise the expertise and industry knowledge of the Board, Executive Board and Advisory Board to develop an alternative to larger industry competitors. Management believe this can be achieved through a mixture of organic growth, operational leverage and where appropriate acquisitions.

During the year, the Group has acquired the businesses of Lewis Abbott Limited, Heatseam Limited and H&V Carpets BVBA, all of which have been fully integrated into the Group and will form part of the core business.

In each business, the change in ownership has had no significant impact, key members of staff were retained and the customer base was unchanged. Supplier relationships have been confirmed and built upon and will continue to develop.

These acquisitions have given the Group a platform and base upon which to build and expand, both organically and through future strategic acquisitions.

Utilising this platform, the Group has invested in and launched four additional trading operations in the year, Likewise South East, Likewise North, Likewise North East & Likewise Scotland. The start up costs associated with these businesses is included in administrative expenses for 2019.

Trading Performance

Turnover in the year to December 2019 grew from £4.015 million to £30.297 million. This has been achieved by combining the acquisitions in the year, Lewis Abbott Ltd, £4.785 million, Heatseam Ltd, £16.404 million, and H&V BVBA, £3.118 million, with the newly launched businesses in each UK subsidiary, Likewise South East, Likewise North, Likewise North East and Likewise Scotland and the existing matting businesses of Bruce Starke and William Armes. The business has also reconfigured an element of the distribution fleet and while focus has continued on the core customer base, the development of sales of commercial products has enhanced the sales offering for all of the acquired businesses.

While each subsidiary continues to operate independently, gains are made by utilising the now integrated distribution infrastructure across the UK, they also benefit from the combined management experience across the group. Focus has also been placed on maintaining operating margins as the business expands, this is achieved by applying group policies to all businesses and developing the already well established relationships with suppliers in UK, Europe and further afield.

The underlying operating loss in the year of £2.740 million, is after charging acquisition costs of £235,394 and the costs associated with the setting up of the new businesses, the Scotland business has moved into bigger premises and Likewise North East has been established in new premises in Newcastle, operating as a satellite warehouse and trade counter that is serviced from the main hub in Dewsbury. The directors believe that with these acquisitions and the newly formed Likewise brands, the business is now well placed to benefit from the wider group structure, the enhanced distribution network and the increased portfolio of products.

All of the expansion has been supported by a working capital investment of £2.05 million in stock and an increased debtor book. Stock and debtors are managed at a local level with group policies and practices being applied to their general day to day management.

Business strategy

It is the belief of the Board that value can be generated for shareholders, suppliers and consumers by creating a national supplier and distributor of UK floorcoverings as a competing alternative to the current larger suppliers to the industry.

It is the intention of the Board that where future acquisitions are considered, they will focus around increasing scale, advancing the commercial and operational reach of the Group into new regions and consolidate the Group's overall market position.

Market and competition

The floor and wall covering market is made up of manufacturers, typically located overseas due to lower input costs and access to raw materials, distributors, retailers and installers. It is the strategy of Likewise Group to consolidate the distribution section of the market to gain national scale and gain pricing power with overseas manufacturers amongst other benefits.

The UK flooring market, is worth c.£2 billion split between residential, commercial, public and industrial markets. It is the strategy of the Group to focus on the residential and commercial areas of the market.

The residential sector of the market is expected to increase as new homes are added to meet a structural demand for housing; c.160,000 new residential dwellings were added in 2018 alone. Additionally, home improvements, changing consumer demands and trends along with repair works creates further demand. Demand in the commercial sector should also remain robust over the medium term as new office space continues to be constructed.

Process for managing risk

The Board continually assesses and monitors the key risks in the business. Below describes the principal risks and uncertainties that could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. The Board does recognise, however, that it will not always be possible to eliminate risk.

Business Disruption
The Group's operations could be subject to disruption due to factors including incidents such as a major fire or failure of key suppliers. Incidents such as a fire at key premises or failure of key suppliers could result in the temporary cessation in activity or disruption of the Group's facilities impeding the Group's ability to deliver its products to its customers, adversely affecting its financial results. The board looks to mitigate the failure of any key suppliers by having a wide supplier base with known alternatives as well as maintaining a level of buffer stock within its UK operations. The Group has developed business continuity and disaster recovery plans. The impact of Coronavirus COVID 19 on the business is covered in the Director's Report but this pandemic has shown that with good communication with all business partners and the full application of emergency procedures, a level of business can be maintained. The Group also maintains insurance to cover business interruption and damage to property from such events.

As a distribution business, the impact of any changes in product preference and changing fashions in the market place is limited to the level of stock held at any one time. Changes in ranges offered to the wider customer base generally take place at the lowest level of stock holding. Any cost of discounting of stock that may be necessary is built into the general business model.

Economic conditions
The Group is dependent on the level of activity in various markets and is therefore susceptible to any changes in economic conditions. Lower levels of activity in key markets in which the Group operates could reduce sales volumes adversely, thus affecting the Group's financial results. The Group monitors trends in the key industries and markets the Group operates in. As a distribution and selling business the Group is well placed to react to changes relatively quickly and implement changes to the business model and practices.

Brexit
The decision to leave the European Union could have an impact on the Group's business in the UK and Europe. Imports and exports of goods with the EU could be subject to tariffs or other charges, which increase costs and reduce the Group's profit margins. There may also be some disruption to the supply chain with additional delays at the ports of entry. The Group will monitor the UK and EU negotiations to ensure pricing reflects the increased cost of operations. In addition to this, the Group maintains a continuous dialogue with its EU suppliers and could look to mitigate potential disruptions by forward ordering additional buffer stock to take the Group through any transitional period.

Directors' Section s172 statement of compliance with duty to promote the success of the Company

The directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in the Companies Act 2006 and include a duty to promote the success of the Group.

The directors consider it crucial that the Group maintains a reputation for the highest standards of business conduct and are responsible for setting, reviewing and upholding the culture, values, standards, ethics and reputation of the Group to ensure obligations to key stakeholders are met. By using the core values of the business, we seek to sustain and develop strong, stable, profitable partnerships with all our customers, employees and suppliers by providing outstanding products.

During the year, the directors consider that they have at all times acted in a way, and have made decisions, that would most likely promote the success of the Group and for the benefit of its members as a whole, and in making those decisions have had particular regard to:

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

The engagement of key stakeholders is summarised as follows:

Our people
We have a range of mechanisms whereby we engage with and seek feedback with all our employees. We want to work hand in hand with them to ensure that the Group is an inspiring place to work and maximise their involvement and contribution to the business.

Business relationships
We regularly engage with both existing and future customers both seeking feedback from them and providing them with details of future products. We value all of our suppliers and have many mutually beneficial business relationships.

Community and environment
We try to be a positive influence in the life of the communities in which we operate and strive to minimise our impact on the environment as much as possible.

Shareholders
We ensure that we keep our shareholders regularly updated on developments.

Post balance sheet events

On 3 February 2020, in line with the Group's objective of advancing the commercial and operational reach of the Group, the Company acquired the entire issued share capital of A&A Carpets Limited, a distributor of floor coverings based in Worsley, Manchester.

Key Performance Indicators

The Board consider the following as key performance indicators (KPIs) for the Group: revenue, operating profit and cash flow. The Board members review these for each of the businesses on a monthly basis. Individual subsidiaries have additional key performance indicators specific to their operations. Sales and orders are also monitored against budget on a weekly basis by the executive management team.

Key performance indicators were as follows:

	Year ended 31 December 2019	Period ended 31 December 2018
	£	£
Revenue	30,297,149	4,015,265
Operating Loss	(2,739,782)	(724,642)
Operating Cash Flow	(3,447,735)	(793,608)

This report was approved and signed on behalf of the board by:

A J Brewer
Director
Date: 29-10-20

LIKEWISE GROUP PLC

Directors' report

Year ended 31 December 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Group overview

On 9 January 2019, the Company allotted 70,000,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £7,000,000. An additional 60,000,000 new shares were authorised but not issued at that date.

On 11 January 2019, the Company listed on The International Stock Exchange (TISE).

On 1 February 2019, Likewise Trading Limited, a subsidiary of the Company, acquired 100% of the share capital of Lewis Abbott Limited, a traditional floor coverings distributor based in Peckham, South East London. Lewis Abbott Ltd contributed turnover of £4.79 million to the Group revenues in the year. Further detail can be seen in note 31 – Business combinations.

In March 2019 the Group launched a new business, Likewise South East, a traditional flooring distribution business trading from the existing premises in Sudbury.

On 18 April 2019, the Company acquired the entire issued share capital of Heatseam Limited and its subsidiary Factory Flooring Outlet Ltd. Heatseam are a distributor of residential flooring products throughout England and Scotland. Their product portfolio includes carpet, vinyl, laminate, artificial grass and accessories. The acquisition of Heatseam has enabled the Group to develop a distribution network utilising Heatseam's hub in Dewsbury with two out bases in Daventry and Glasgow. The acquisition adds significant scale to the existing activities and meaningfully increases the product portfolio of the Group. Heatseam Ltd contributed turnover of £16.4 million to the Group revenues in the year. Further detail can be seen in note 31 – Business combinations.

On 18 April 2019, the Company allotted 30,000,000 new £0.01 Ordinary Shares for consideration of £0.25 per share, totalling £7,500,000 and a further 2,000,000 new £0.01 Ordinary Shares as part of the acquisition of Heatseam Limited equating to consideration of £500,000. An additional 10,000,000 new shares were authorised but not issued at that date.

On 1 May 2019, the Company acquired the entire issued share capital of H&V Carpets BVBA, a supplier of full rolls of carpet to flooring retailers. H&V has continued to operate from its facility in Meulebeke, Belgium with the stockholding, logistics and delivery to customers being enhanced through utilising the existing Likewise UK structure. H&V BVBA contributed turnover of £3.1 million to the Group revenues in the year. Further detail can be seen in note 31 - Business combinations.

On 30 May 2019, the Company allotted 341,994 new £0.01 Ordinary Shares for consideration of £0.33 per share, totalling £112,858.

On 24 June 2019, the Group set up a small head office facility in Bromsgrove and changed its registered address from Church Field Road, Sudbury, Suffolk, CO10 2YA to Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, England, B61 0GD.

In August 2019, the Group launched a new business trading from the existing Heatseam premises in Dewsbury. Likewise North was created to add commercial products and customers to the already established residential business of Heatseam. Likewise North has been able to utilise the established distribution network of the wider Group.

In September 2019, the Group launched a new business trading from the existing premises in Bellshill, near Glasgow. Likewise Scotland incorporates both the residential and commercial parts of the business and is well placed to develop the Group's trade in Scotland.

In November 2019, a new business was launched from new premises in Newcastle. In keeping with the established format, Likewise North East has a trade counter and sales representatives designed to service both collection customers and those requiring a delivery service.

The investment in these business launches enables the Group to continue to develop and expand to become a national distributor of floorcoverings.

Impact of Coronavirus COVID-19

In response to the COVID-19 pandemic the Board implemented contingency measures to ensure the health and wellbeing of its employees while maintaining services to clients.

All normal operations and activities were closed at 5pm on Wednesday 25th March 2020. The Group retained a small number of employees to be available at Dewsbury and Sudbury to facilitate any essential orders required for essential services.

All staff were advised of the furlough procedures with a limited number being retained and working from home, in addition to the small number referred to above. All staff subject to furlough received a minimum of the government's payment under the Coronavirus Job Retention Scheme.

Senior management and executives have taken a short-term salary reduction to be reviewed as matters evolve.

We have been communicating with our principal bankers and will keep our facilities under review depending on the anticipated length of the lock down.

In April 2020, sales revenue was 30.7%, May 2020 54.8% and June 2020 was 90%, of the original budget. Over the last few months our management have been particularly "hands on" with reduced staff levels, allowing all of our sites to operate. A revised budget from 1st July has been agreed for the second half of 2020. Whilst market conditions are difficult to predict, this reasonably prudent budget produces a positive profit performance for this 6 month period. Sales revenue for July 2020, August 2020 and September 2020 exceeded our revised budget.

Working capital management is monitored daily.

Whilst maintaining service levels we have been able to reduce stock. Cash collection was challenging in April 2020 as many customers were closed but this has gradually improved and we have been able to manage our cash to a point where we are ahead of our position well within pre-Lockdown budgeted levels and ahead of our reforecast position.

We very much appreciate the support of our employees, suppliers, customers and shareholders as we navigate through this period of our business development.

Principal activities

The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

Results and dividends

Revenue for the year amounted to £30,297,149 (2018: £4,015,265). Loss before taxation was £2,788,663 (2018: profit of £1,137,457).

The directors have not proposed a dividend for the year to 31 December 2019 (2018: £Nil).

Financial risk management objectives and policies

The three key risks the Group monitors are interest rate risk, liquidity risk and credit risk.

The Board reviews and agrees policies for managing these risks and they are summarised below.

Interest rate risk
The Group finances its operations through a mixture of retained profits and bank borrowings. The Group’s borrowings consist of invoice discounting facilities and bank loans.

The interest rates charged are reviewed and re-negotiated periodically.

Liquidity risk
The repayment terms of the floating rate loans have been structured to be serviced from cash generated by operating activities. Short-term flexibility is achieved through invoice financing facilities.

Credit risk
The credit rating of significant customers is monitored regularly.

Directors

The directors who served the Company during the year were as follows:

R Povey
P P S Bassi
A J Brewer
A J W Simpson

Directors' responsibilities statement

The Directors are responsible for preparing 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, they are required to prepare the consolidated financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis. 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 Group and the Company and of the profit or loss of the Group 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 estimates that are reasonable and prudent;
• state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 Group and the Company will continue in business; and
• prepare a Directors' Report and a Strategic Report which comply with the requirements of the Companies Act 2006

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.

The Directors are responsible for the maintenance and integrity of the Company's website. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Crowe U.K. LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors and signed on behalf of the board by:

A J Brewer
Director
Date: 29-10-20

LIKEWISE GROUP PLC

Corporate Governance Report

Year ended 31 December 2019

Introduction

The Directors acknowledge the importance of the principles set out in the QCA Corporate Governance Code.

Whilst there is no regulatory requirement for the Company to comply with the QCA Corporate Governance Code, the Directors intend to introduce the QCA Corporate Governance Code, as far as they consider appropriate.

Directors and Board

Three separate boards have been established to deliver the Group's long term strategy:

The PLC Board
The PLC Board will be responsible for execution of the strategy and ensuring the Group meets with the requirements expected of a listed business. This board includes Andrew Simpson (non-executive director), Anthony Brewer (Chief Executive Officer), Roy Povey (Chief Financial Officer) and Paul Bassi (independent non executive Chairman) each of which have previous listed company experience and have a wealth of experience in the UK floorcoverings industry.

Executive Board
The Executive Board will report to the PLC Board and will be responsible for operational delivery and be in control of the day to day trading, sourcing and integration of new acquisitions and management of head office operations. This board includes Adrian Laffey, Tony Judge and James Kellet who have a wealth of experience in the UK Floorcoverings market.

The Advisory Board
The Advisory Board will report to the PLC Board and will provide guidance and industry insights to assist in the delivery of the Group's strategy. The Advisory Board is composed of individuals with extensive experience of both the UK and global floorcoverings markets including Andrew Woodhouse, Keith Yates, Paul Wiseman, Stuart Large and Geoff Duggan.

Biographies of all board members can be viewed on the Likewise PLC web site.

Board committees

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Secretary, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board considers it necessary and appropriate to establish an audit committee. The audit committee will be responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Board also intends to establish a remuneration committee that will be responsible for, inter alia, the Group's remuneration policy and for reviewing and recommending all Directors' and senior executives' remuneration, bonuses and incentives.

The Board also intends to establish a nominations committee with responsibility for identifying suitable candidates to be appointed as directors as and when a vacancy may arise. This committee will only meet as required.

Relations with shareholders

In normal circumstances, the Board values very highly the opportunity to meet shareholders in person at its AGM. However, the health and safety of the Company's employees, and shareholders are of paramount importance. On this basis shareholders will not be able to attend the Company's 2020 AGM in person.

This report was approved and signed on behalf of the board by:

A J Brewer
Director
Date: 29-10-20

Independent auditor's report to the members of Likewise Group Plc

Year ended 31 December 2019

Opinion

We have audited the financial statements of Likewise Group plc (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2019, which comprise:

• the Group statement of comprehensive income for the year ended 31 December 2019;
• the Group and parent company statements of financial position as at 31 December 2019;
• the Group and parent company statements of cash flows for the year then ended;
• the Group and parent company statements of changes in equity for the year then ended; and
• the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regard the parent company, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

• the financial statements give a true and fair view of the state of the Group’s and of the Parent Company's affairs as at 31 December 2019 and of the Group’s loss for the period then ended;
• the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
• the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
• the financial statements 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s and the Parent Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £200,000 (2018: £30,000), based on a measure of both revenue and of normalised result before taxation.

We use a different level of materiality (‘performance materiality’) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors’ remuneration.

We agreed with the Directors to report to it all identified errors in excess of £10,000 (2018: £1,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Independent auditor's report to the members of Likewise Group Plc (continued)

Year ended 31 December 2019

Overview of our audit approach (continued)

Overview of the scope of our audit
The Group has two principal operating locations in the UK, in West Yorkshire and Suffolk, which have local accounting functions that report to the central management team at the head office in Worcestershire. Our audit was conducted from the Group's locations in West Yorkshire and Suffolk. All Group companies were within the scope of our audit testing.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Revenue recognition Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a resulyt of both fraud and error, because revenue is material and is an important determinant of the group's profitability, which has a consequent impact on its share price performance.	Our work focussed on validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. We additionally assessed the compliance of newly acquired entities within the Group's revenue recognition policies. We validated a sample of revenue items to confirm revenue was being recognised in line with IFRS ensuring the goods were delivered within the period. We also assessed the adequacy of the Group's disclosures related to revenue.
Going concern The financial statements have been prepared on a going concern basis as discussed in note 3. During the year the Group has been loss making and has raised capital and utilised existing borrowings to fund costs during an extended acquisition phase against the background of COVID-19 impacting global markets. We have included the going concern assumption as a key audit matter as the group relies on existing cash reserves and revenue growth generating sufficient cashflows to cover necessary expenditure.	In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others: - Assessing the cash flow requirements of the group over 14 months to 31 December 2021 based on budgets and forecasts. - Understanding what forecast expenditure is committed and what could be considered discretionary. - Considering the liquidity of existing assets on the balance sheet. - Considering the terms of the bank loan and trade finance facilities and the amount available for drawdown. - Considering potential downside scenarios and the resultant impact on available funds.
Valuation of inventory As at 31 December 2019 the value of inventory amounted to £8.76 million, representing 28.7% of total assets. Inventories were considered to be a key audit matter due to the size of the balance and because the valuation involvements judgement. There is a risk that some inventory may not be adequately provided or carried at the lower of cost or net realisable value.	Our audit procedures in this area included: - Attending inventory counts at the Group's key operating locations - Assessing the compliance of the Group's accounting policies with IFRS. - Assessing the inventory valuation processes and practices - Validating the assessment made by management with respect to slow moving and obsolete stock

Key audit matter	*How the scope of our audit addressed the key audit matter*
Acquisitions during the period	
During the year the Group made significant acquisitions of Heatseam Limited, Lewis Abbot Limited and H&V Carpets BVBA for total consideration of £10.73m.	We reviewed the share purchase agreement to understand the terms of the transaction and we validated the consideration paid.
Accounting for business combinations is complex and requires the recognition of both consideration paid and acquired assets and liabilities at the acquisition date at fair values, which can involve significant judgement and estimates. There is a risk that inappropriate assumptions could result in material errors in the acquisition accounting.	We audited the statement of financial position as at the acquisition date to ensure that assets and liabilities were appropriately recognised at fair value. We challenged management's assessment of fair value of the assets and liabilities acquired, including the valuation of intangible assets identified at date of acquisitionand assessed and challenged the fair value attributed to these intangible assets. We also assessed the disclosures made and application of the standard in line with IFRS.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on 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 Directors' report and Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; o
- certain disclosures of directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Likewise Group Plc (continued)

Year ended 31 December 2019

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7 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 Group's and Parent 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 group or the parent 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.

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.

John Glasby (Senior Statutory Auditor)

For and on behalf of

Crowe U.K. LLP

Chartered Accountants & Statutory Auditors

55 Ludgate Hill

London

EC4M 7JW

Date: 29 October 2020

LIKEWISE GROUP PLC

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2019	18 month period ended 31 December 2018
		£	£
Revenue	7	30,297,149	4,015,265
Cost of sales		(22,026,068)	(2,190,003)
Gross profit		8,271,081	1,825,262
Distribution costs		(1,055,573)	(258,609)
Administrative expenses		(9,966,765)	(2,293,695)
Other operating income		11,475	2,400
Operating loss	8	(2,739,782)	(724,642)
Gain on bargain purchase		-	1,945,377
Gain on revaluation of consideration on acquisition	31	83,780	-
Finance income		130	116
Finance costs	10	(132,791)	(83,394)
(Loss) / Profit before taxation		(2,788,663)	1,137,457
Taxation	11	(31,443)	14,960
(Loss) / Profit for the financial year/period		(2,820,106)	1,152,417
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit schemes	35	(20,000)	(10,000)
Revaluation of land and buildings	15	823,257	48,257
Total comprehensive income for the financial year/period		(2,016,849)	1,190,674
Total comprehensive income for the financial year/period attributable to:			
The Company's equity shareholders		(2,016,849)	1,190,674
Earnings per share			
Basic and diluted (loss) / profit per share	12	(0.02)	0.58

LIKEWISE GROUP PLC

Consolidated Statement of Financial Position

31 December 2019

	Notes	31 December 2019 £	31 December 2018 £
Assets			
Non-current assets			
Intangible assets	13	4,028,287	-
Other intangible assets	14	4,098,416	-
Property, plant and equipment	15	5,145,318	3,171,623
Right-of-use assets	19	1,215,428	-
Deferred tax asset	17	-	63,725
		14,487,449	3,235,348
Current assets			
Inventories	18	8,759,741	1,771,931
Trade and other receivables	20	6,522,694	1,181,825
Cash and cash equivalents	21	746,014	384,389
		16,028,449	3,338,145
Current liabilities			
Trade and other payables	22	(11,262,587)	(1,364,769)
Lease liabilities	23	(771,189)	-
Borrowings	24	(617,756)	(387,644)
		(12,651,532)	(1,752,413)
Net current assets		3,376,917	1,585,732
Non-current liabilities			
Borrowings	24	(1,765,522)	(2,130,306)
Deferred tax liability	17	(819,097)	-
Lease liabilities	23	(869,220)	-
		(3,453,839)	(2,130,306)
Net assets		14,410,527	2,690,774
Equity			
Share capital	28	1,523,420	500,000
Share capital to be issued	28	-	800,000
Share premium	29	13,389,295	200,100
Warrant reserve	34	128,170	-
Share option reserve	33	90,574	-
Revaluation reserve	38	871,514	48,257
Retained earnings	38	(1,592,446)	1,142,417
Total equity		14,410,527	2,690,774

These financial statements were approved by the board of directors and authorised for issue and are signed on behalf of the board by:

A J Brewer
Director

Date: 29-10-20

Company registration number: 08010067

LIKEWISE GROUP PLC

Company Statement of Financial Position

31 December 2019

	Notes	31 December 2019 £	31 December 2018 £
Assets			
Non-current assets			
Property, plant and equipment	15	31,182	-
Right-of-use assets	19	126,507	-
Investments	16	11,626,451	1,700,100
		11,784,140	1,700,100
Current assets			
Trade and other receivables	20	5,589,107	2,163,277
Cash and cash equivalents	21	34,230	114,702
		5,623,337	2,277,979
Current liabilities			
Trade and other payables	22	(2,104,866)	(574,645)
Lease liabilities	23	(31,310)	-
Borrowings	24	(137,415)	(126,129)
		(2,273,591)	(700,774)
Net current assets		3,349,746	1,577,205
Non-current liabilities			
Lease liabilities	23	(105,970)	-
Borrowings	24	(1,765,522)	(2,130,306)
		(1,871,492)	(2,130,306)
Net assets		13,262,394	1,146,999
Equity			
Share capital	28	1,523,420	500,000
Share capital to be issued	28	-	800,000
Share premium	29	13,389,295	200,100
Warrant reserve	34	128,170	-
Share option reserve	33	90,574	-
Retained earnings brought forward	38	(353,101)	-
Loss for the year/period	38	(1,515,964)	(353,101)
Retained earnings carried forward		(1,869,065)	(353,101)
Total equity		13,262,394	1,146,999

These financial statements were approved by the board of directors and authorised for issue and are signed on behalf of the board by:

A J Brewer
Director

Date: 29-10-20

Company registration number: 08010067

LIKEWISE GROUP PLC

Statements of Changes in Equity

31 December 2019

Consolidated	Share capital £	Share capital to be issued £	Share premium account £	Revaluation reserve £	Retained earnings £
Balance at 1 July 2017	100	-	-	-	-
Profit for the period	-	-	-	-	1,152,417
Actuarial losses on pension scheme	-	-	-	-	(10,000)
Property revaluation	-	-	-	48,257	-
Shares issued	499,900	-	200,100	-	-
Shares to be issued	-	800,000	-	-	-
Balance at 31 December 2018	500,000	800,000	200,100	48,257	1,142,417
Loss for the year	-	-	-	-	(2,820,106)
Actuarial losses on pension scheme	-	-	-	-	(20,000)
Impact of IFRS16	-	-	-	-	(6,921)
Property revaluation	-	-	-	823,257	-
Shares issued	1,023,420	(800,000)	13,349,419	-	-
Share options and warrants issued	-	-	(48,060)	-	-
Reclassification of IPO costs	-	-	(112,164)	-	112,164
Balance at 31 December 2019	1,523,420	-	13,389,295	871,514	(1,592,446)

Consolidated	Share option reserve £	Warrant reserve £	Total £
Balance at 1 July 2017	-	-	100
Profit for the period	-	-	1,152,417
Actuarial losses on pension scheme	-	-	(10,000)
Property revaluation	-	-	48,257
Shares issued	-	-	700,000
Shares to be issued	-	-	800,000
Balance at 31 December 2018	-	-	2,690,774
Loss for the year	-	-	(2,820,106)
Actuarial losses on pension scheme	-	-	(20,000)
Impact of IFRS16	-	-	(6,921)
Property revaluation	-	-	823,257
Shares issued	-	-	13,572,839
Share options and warrants issued	90,574	128,170	170,684
Reclassification of IPO costs	-	-	-
Balance at 31 December 2019	90,574	128,170	14,410,527

LIKEWISE GROUP PLC

Statements of Changes in Equity

31 December 2019

Company	Share capital £	Share capital to be issued £	Share premium account £	Revaluation reserve £	Retained earnings £
Balance At 1 July 2017	100	-	-	-	-
Loss for the period	-	-	-	-	(353,101)
Shares issued	499,900	-	200,100	-	-
Shares to be issued	-	800,000	-	-	-
Balance At 31 December 2018	500,000	800,000	200,100	-	(353,101)
Loss for the year	-	-	-	-	(1,628,128)
Shares issued	1,023,420	(800,000)	13,349,419	-	-
Share options and warrants issued	-	-	(48,060)	-	-
Reclassification of IPO costs	-	-	(112,164)	-	112,164
Balance At 31 December 2019	1,523,420	-	13,389,295	-	(1,869,065)

Company	Share option reserve £	Warrant reserve £	Total £
Balance	-	-	100
Loss for the period	-	-	(353,101)
Shares issued	-	-	700,000
Shares to be issued	-	-	800,000
Balance	-	-	1,146,999
Loss for the year	-	-	(1,628,128)
Shares issued	-	-	13,572,839
Share options and warrants issued	90,574	128,170	170,684
Reclassification of IPO costs	-	-	-
Balance	90,574	128,170	13,262,394

LIKEWISE GROUP PLC

Statements of cash flows

31 December 2019

	Consolidated		Company	
	Year ended	18 month period ended	Year ended	18 month period ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Cash flows from operating activities				
Profit/(loss) before tax for the year/period	(2,788,663)	1,137,457	(1,628,128)	(353,101)
Adjustments for:				
Depreciation and amortisation	1,089,708	65,023	20,766	-
Gain on bargain purchase / revaluation of consideration	(83,780)	(1,945,377)	-	-
Finance income	(130)	(116)	-	-
Finance costs	132,791	83,394	74,211	80,309
	(1,650,074)	(659,619)	(1,533,151)	(272,792)
Pension contributions	(20,000)	(20,000)	-	-
Decrease/(increase) in inventories	(1,143,331)	145,080	-	-
(Increase)/decrease in trade and other receivables	(909,727)	(231,092)	(3,425,830)	(2,163,277)
(Decrease)/increase in trade and other payables	464,566	(27,977)	(669,779)	574,645
Cash flows from operations	(3,258,566)	(793,608)	(5,628,760)	(1,861,424)
Income tax paid	(189,169)	-	-	-
Net cash (outflow)/inflow from operating activities	(3,447,735)	(793,608)	(5,628,760)	(1,861,424)
Cash flow from investing activities				
Purchase of property, plant and equipment	(559,297)	(5,613)	(33,796)	-
Purchase of fixed asset investments	(8,103,096)	(2,847,752)	(7,146,241)	(1,700,100)
Net cash acquired with subsidiaries	290,736	96,590	-	-
Interest received	130	116	-	-
Net cash used in investing activities	(8,371,527)	(2,756,659)	(7,180,037)	(1,700,100)
Net cash flow from financing activities				
Interest paid	(113,515)	(83,394)	(73,643)	(80,309)
Consideration for new shares	13,072,839	1,500,000	13,072,839	1,500,000
Share options issued	90,574	-	90,574	-
Repayment of lease liabilities	(714,595)	-	(7,947)	-
(Decrease)/increase in invoice discounting	91,187	261,515	-	-
(Repayment of)/new loans	(373,242)	2,256,435	(353,498)	2,256,435
Net cash inflow/(outflow) from financing activities	12,053,248	3,934,556	12,728,325	3,676,126
Net increase in cash and cash equivalents	233,986	384,289	(80,472)	114,602
Cash and cash equivalents at the beginning of financial year/period	384,389	100	114,702	100
Cash and cash equivalents at end of financial year/period	618,375	384,389	34,230	114,702
Comprising				
Cash at bank	746,014	384,389	34,230	114,702
Bank overdrafts	(127,639)	-	-	-
	618,375	384,389	34,230	114,702

1 General information

The Company is a public company limited by shares, registered in England and Wales. On 11 January 2019, the Company listed on The International Stock Exchange (TISE). The registered company number is 08010067 and the address of the registered office is Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, England, B61 0GD.

The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

2 Basis of preparation

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Parent Company financial statements present information about the Company as a separate entity.

The financial information is presented in pounds sterling, which is the functional currency of the entity and rounded to the nearest £. The financial statements are prepared on the historical cost basis unless otherwise specified within these accounting policies.

During the prior period the accounting period was extended to 31 December in order to align with the year end of the trading subsidiaries. The prior period therefore shows results for an eighteen month period.

Both the Company and consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as endorsed by the EU (“Adopted IFRSs”). On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3 Accounting policies

Going concern

On 11 January 2019, the parent company listed on The International Stock Exchange (TISE) raising £7 million through an offer for subscription of shares. On 18 April 2019, the Company allotted a further 30,000,000 new £0.01 Ordinary Shares for consideration of £0.25 per share, totalling £7,500,000.

At the time of signing the financial statements, the Directors have considered the potential impact of the current social distancing policies and disruption to the Group’s operations and those of its customer base. At the present time, there can be no assurance that a disruption in financial markets, regional economies and the world economy would not negatively affect the financial performance of the Group. However, an estimate of the potential impact of these events cannot be quantified at this time.

In April 2020, sales revenue was 30.7%, May 2020 54.8% and June 2020 was 90%, of the original budget. Over the last few months management have been particularly "hands on" with reduced staff levels, allowing all sites to operate. A revised budget from 1st July has been agreed for the second half of 2020. Whilst market conditions are difficult to predict, this reasonably prudent budget produces a positive profit performance for this period. Sales revenue for July 2020 and August 2020 exceeded revised budget.

The Group currently utilises invoice financing arrangements in some subsidiaries and has the option to draw on additional authorised facilities to support its future working capital requirements. The directors are therefore confident that the Group will be able to operate within the finance facilities and finance options available.

Based on the consideration of financing facilities above, listing of the parent company, allotment of shares, and after making enquiries and considering the progress of the Group, the directors have a reasonable expectation that the Group will be able to execute its plans such that the Group will have adequate resources to continue in operational existence for the foreseeable future. This provides the directors with assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, has exposure, or rights, to variable returns and can use its power to affect those returns. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3 Accounting policies ***(continued)***

Revenue recognition

Revenue comprises sales of goods to customers outside the Group, less an appropriate deduction for discounts, and is stated at the fair value of the consideration net of value added tax and other sales taxes.

Revenue and receivables are recognised when performance obligations are satisfied and the goods are delivered to customers as this is the point in time that the consideration is unconditional, control of goods has passed and only the passage of time is required before the payment is due.

Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period.

Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Freehold property	-	2% straight line
Leasehold improvements	-	straight line over the term of the lease
Plant and machinery	-	12.5% - 15% straight line
Fixtures and fittings	-	15% - 20% straight line
Computer equipment	-	20% - 33% straight line
Motor vehicles	-	25% - 33% straight line

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

Revaluation of property

Individual freehold properties are carried at current year value at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement.

The difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from revaluation surplus to retained earnings at the end of each reporting period. Any remaining revaluation surplus included in equity is transferred directly to retained earnings when the asset is disposed of.

3 Accounting policies *(continued)*

Impairment of non financial assets (excluding Goodwill)

At each reporting date, the directors review the carrying amounts of the company's non current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non financial assets subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Inventory

Inventory is valued 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 cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income Statement.

Cash at bank

Cash at bank comprise cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less from inception.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

Derivatives, including forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement in finance costs or income as appropriate.

3 Accounting policies ***(continued)***

Financial assets

Trade and other receivables are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. ECL allowances are distinguished from Likely Credit Loss ("LCL") allowances based on the expectation of a loss. An LCL reserve is established when a loss is both probable and the amount is known.

ECLs are a probability-weighted estimate of lifetime credit losses. Under the ECL model, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Group expects to receive) with a discount factor applied to such overdue amounts. The discount matrix ("ECL Matrix") below is applied to derive an ECL for overdue amounts:

Past due (days)	31-60	61-90	90-120	Over 120
Discount to Amounts Overdue	0%	0%	5%	50%

The Group reserves the right to exercise its discretion in the application of discounts outside of the ECL Matrix based on extenuating circumstances that may apply from time to time to the Group's trade receivables. An example of such an extenuating circumstance may occur when an overdue amount has been collected post a reporting or measurement date.

The adoption of IFRS9 has not had a material impact on the impairment of financial assets.

Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings.

Interest bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct interest costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption are accounted for using an effective interest rate method and are added to or deducted from the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

Foreign currency

The presentation currency for the Group's historical financial information is pounds sterling. Foreign currency transactions by the Group are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the reporting date, with any exchange adjustments being charged or credited to the Income Statement.

For the purpose of presenting consolidated financial statement, the assets and liabilities of the Group's foreign subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year/period.

Current taxation

Current taxation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

3 Accounting policies *(continued)*

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:
- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the Income Statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Income Statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Income Statement.

3 Accounting policies ***(continued)***

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill not attributed to a specific intangible asset is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's subsidiaries expected to benefit from the synergies of the combination. If the recoverable value of the subsidiary is less than the carrying amount of goodwill, the impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Goodwill attributable to the brand name of acquired subsidiaries or customer base is initially recognised and measured as set out above. Licences are initially recognised at cost.

Amortisation is provided on all intangible assets (excluding goodwill) as follows:

Brand name	-	15 years straight line
Customer base	-	15 years straight line
Licences	-	10 years straight line

The useful lives of intangible assets are annually reassessed and all assets are reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of intangible assets is included in the determination of the profit or loss on disposal.

Employment benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non monetary benefits and annual leave obliged to be settled within 12 months of the reporting date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the Income Statement in the year to which the contributions relate.

William Armes Limited, a subsidiary of the Group operates a defined benefit pension plan for certain employees.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting 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').

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

3 Accounting policies ***(continued)***

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Borrowing costs

Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

Share based payments

The fair value of equity instruments granted to employees is charged to the Statement of Comprehensive Income, with a corresponding increase in equity. The fair value of share options is measured at grant date using the Black-Scholes pricing model and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest.

Invoice discounting

The Group has an invoice discounting arrangement. The amount owed by customers to the Group are included within trade receivables and the amount owed to the invoice discounting company is included within borrowings. The amount owed to the invoice discounting company represents the difference between the amounts advanced by the invoice discounting company and the invoices discounted. The interest element of the invoice discounting charges and other related costs are recognised as they accrue and are included in the Income Statement with other finance costs.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive Directors, at which level strategic decisions are made.

Details of the Group's reporting segments are provided in note 7.

4 Adoption of new and revised International Financial Reporting Standards

Impact of initial application of IFRS16 Leases

In the current year, the Group has applied IFRS16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The Group have taken the modified retrospective approach to restatement and therefore the comparative figures have not been restated for the adoption of IFRS 16.

IFRS16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except short-term leases and leases of low value assets. The impact of the adoption of IFRS16 on the Group's consolidated financial statements is described below:

The date of initial application of IFRS16 for the Group is 1 January 2019.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS16 not to reassess whether a contract is or contains a lease, Accordingly, the definition of a lease in accordance with IAS17 and IFRIC4 will continue to be applied to those contracts entered into or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS17 and IFRIC4.

The Group applies the definition of a lease and related guidance set out in IFRS16 to all contracts entered into or changed on or after 1 January 2019. The scope of contracts that meet the definition of a lease is not expected to significantly change for the Group as a result of implementation of IFRS16.

(b) Former operating leases

IFRS16 changes how the Group accounts for leases previously classified as operating leases under IAS17, which were off balance sheet.

Applying IFRS16 for all leases (except as noted below), the Group:

(i) Recognises right-of-use assets and lease liabilities in the Consolidated Statement of Financial Position, initially measured at the present value of the future lease payments;

(ii) Recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Consolidated Statement of Cash Flows.

Lease incentives (e.g. rent free periods) are recognised as part of the measurement of right-of-use assets and lease liabilities whereas under IAS17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

For short-term leases of less than 12 months duration and leases of low value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS16. The expense is presented within 'other expenses' in profit or loss.

(c) Former finance leases

The main differences between IFRS16 and IAS17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee rather than the maximum amount guaranteed as required by IAS17. This change did not have a material effect on the Group's consolidated financial statements.

4 Adoption of new and revised International Financial Reporting Standards (continued)

(d) Financial impact of the initial application of IFRS16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS16

	1 January 2019 £
Impact on retained earnings	
Increase in depreciation of right-of-use asset	(62,659)
Increase in finance costs	(1,992)
Decrease in other expenses	64,371
Other adjustments	(6,641)
Decrease in retained earnings	(6,921)

Impact on assets, liabilities and equity	1 January 2019 £
Right-of-use assets	213,337
Net impact on total assets	213,337
Lease liabilities	(220,258)
Net impact on total liabilities	(220,258)
Retained earnings	(6,921)

Reconciliation of operating lease commitments	£
Total operating lease commitments as at 31 December 2018	(176,248)
Adjustment for previously unrecognised leases (undiscounted)	(56,975)
Exclusion of low value / short term leases	15,089
Impact of discounting on brought forward commitments	4,517
Other adjustments	(6,641)
Total right-of-use asset lease liabilities recognised as at 1 January 2019	(220,258)

Amendments to IFRS9

The Group has adopted IFRS9 in the period, replacing IAS39 Financial Instruments: Recognition and Measurement. IFRS9 sets out the requirements for assessing the impairment of financial assets, requiring consideration of the likelihood of their default or impairment, firstly by splitting out the high-risk balances and continuing to provide for these separately, and then applying a loss rate to the remaining balance where it is known from experience that the loss rate is not nil.

Trade receivables are subject to IFRS 9's new expected credit loss model. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of sales and the historical losses experienced.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue related Interpretations. The new standard establishes a control based revenue recognition model and provides additional guidance in many areas not covered in detail under previous existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods. Therefore due to the nature of the activities of the Group there is no material impact on the financial statements from implementing this standard.

5 International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of the historical financial information, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, this historical financial information, the following may have an impact going forward:

New/Revised International Financial Reporting Standards	Effective date: Annual periods beginning on or after:
Amendments to IFRS3 Definition of a Business	1 January 2020
Amendments to IAS1 and IAS8 Definition of Material	1 January 2020

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

6 Judgements and key sources of estimation uncertainty

The preparation of the financial statements, in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses during the period. These judgements, estimates and assumptions are continually evaluated by management and are based upon historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

- Impairment of trade receivables

To determine whether debtors are recoverable, consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that come to the attention of the Group or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in respect of that financial asset.

- Defined benefit pension scheme

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline index, adjusted where necessary to reflect any caps or collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. All other assumptions have been set in accordance with the statement of funding principals. No allowances have been made for members transferring benefits out of the scheme in future. The assumptions selected and associated sensitivity analysis are disclosed in note 35.

- Inventory valuation

This is provided for on the basis of the age of the items and dependent on the frequency of component use. The Group makes appropriate provision for slow-moving and discontinued inventory items although a significant shift in consumer market or customer demand may result in additional provision.

- Valuation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in the revaluation reserve. The Group engaged independent valuation specialists to determine fair value at 31 December 2019. Significant changes in the commercial property market may impact the valuation of the Group's property.

- Acquisition accounting balances

Assets and liabilities must be recognised at their fair value on acquisition. The identification and measurement of contingent liabilities and intangible assets are key areas of judgement.

The group's acquisitions made in the year along with any assumptions applied are detailed in note 31. As part of the acquisitions the group performed a purchase price allocation review and has assessed the fair value of the assets and liabilities acquired. Using assumptions regarding the performance of the acquired entity, management have identified additional intangibles relating to brand names and customer relationships which have been recognised and amortised over their expected useful economic life. The fair value of intangibles at the date of acquisition are calculated by reference to the net present value of future benefits accruing to the the group from the utilisation of the asset, discounted at the appropriate discount rate. Key assumptions in valuing the intangibles were royalty rates, discount rates and future cash flows which have been assessed by the directors and where appropriate bench-marked against the market. Any excess of the purchase consideration over the estimated fair values of acquired net identified assets is recorded as goodwill in the balance sheet and is allocated to an appropriate business segment. Any changes in the underlying assumptions or life of the determined assets and liabilities would alter the goodwill and amortisation charges included within the financial statements.

7 Segmental reporting

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker (CODM) is considered to be the Executive Board of Directors. The Board has not identified any separate operating segments within the business. The Board reviews revenue and expenses for the business as a whole and makes decisions about resources and assesses performance based on this information.

Revenue is derived from continuing operations and arises entirely through the wholesale of goods. Segmental analysis is therefore not presented.

The Group is not reliant on any one customer and no customer exceeds 10% of total annual turnover.

The Group generates revenue from both the UK and overseas as detailed below:

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
UK	29,601,898	3,877,626
Other EU	633,508	137,639
Rest of the World	61,743	-
	30,297,149	4,015,265

8 Operating loss

Operating loss is stated after charging:

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Depreciation of property, plant and equipment	291,480	65,023
Depreciation of right-of-use assets	582,297	-
Amortisation of intangible assets	215,931	-
Difference on foreign exchange	94,548	(2,072)
Auditor's remuneration:		
- audit services	80,000	40,000
- tax compliance services	6,750	6,500
- non-audit services in relation to reporting accountant services	93,619	61,958
Operating lease expense:		
- property	-	27,000
- plant	10,402	55,665
Share based payments	90,574	-
Acquisition / share related costs:		
- acquisition costs	235,394	136,147
- redundancy costs following acquisition	-	139,123
- listing costs	-	62,356
- share scheme costs	27,767	-
- other similar costs	17,286	-

Acquisition / share related costs in the current year relate to costs of acquisition of Lewis Abbott Limited, Heatseam Limited and H&V Carpets BVBA as well as costs of the Group share scheme and costs of £21,195 relating to the post year end acquisition of A&A Carpets Limited.

Acquisition / share related costs in the prior period related to costs of acquisition of Williams Armes Holdings Limited and redundancy payments following the acquisition by Likewise Group Plc as well as costs involved in the listing of Likewise Group Plc following the period end.

9 Directors and employees

The aggregate payroll costs of the employees (including directors) were as follows:

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Staff costs		
Wages and salaries	4,396,045	955,080
Social security costs	417,320	68,701
Pension costs	213,389	40,681
Compensation for loss of office	37,176	-
Share based payments	90,574	-
	5,154,504	1,064,462

Average monthly number of persons employed by the Group during the year/period was as follows:

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Directors	4	4
Other employees	158	33
	162	37

Average number of employees for the prior period are calculated from January 2018 when the Group ceased to be dormant.

Remuneration of directors	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Remuneration	205,211	85,615
Social security costs	24,223	6,647
Group pension contribution to defined contribution schemes	23,707	8,898
Share based payments	13,884	-
	267,025	101,160

	2018 No.	2017 No.
Directors accruing benefits under money purchase pension schemes	1	1

3,300,000 share options were granted to directors during the year at an exercise price of £0.10 per share.

10 Finance costs

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Bank loan interest payable	73,643	81,072
Invoice discounting facility interest payable	22,799	2,299
Other bank interest payable	17,073	23
Right-of-use asset interest payable	19,276	-
	132,791	83,394

11 Taxation on ordinary activities

Analysis of (charge)/credit in the year/period	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Current tax	-	-
Deferred tax	(31,443)	14,960
	(31,443)	14,960

	Year ended 31 December 2019 £	18 month period ended 31 December 2018 £
(Loss)/Profit on ordinary activities before taxation	(2,788,663)	1,137,457
Tax on (loss)/profit on ordinary activities at 19%	529,846	(216,117)
Fixed asset differences	(95,633)	(291)
(Income)/expenses not deductible for tax purposes	98,216	(196,836)
Losses carried back	(107,087)	-
Chargeable losses	(118,561)	-
Timing differences not recognised	-	(54,502)
Non taxable consolidation adjustments	(5,399)	479,203
Adjust for deferred tax recognised at 17%	(19,284)	(1,206)
Deferred tax not recognised	(313,541)	4,709
Total tax (charge)/credit for the year	(31,443)	14,960

Deferred tax reconciliation

	£
Balance as at 1 January 2019	63,725
Charge to income statement	(31,443)
Recognised on acquisition of subsidiaries (see note 31)	(118,437)
Arising on business combinations (see note 17)	(732,942)
Balance as at 31 December 2019	(819,097)

At 31 December 2019, the Group has tax losses of £5,230,930 (2018 - £2,641,247) are available for offset against future taxable profits.
A Deferred tax asset of £814,877 (2018 - £448,404) has not been recognised in the financial statements in relation to these losses.
A defered tax asset has not been recognised in the year as it is uncertain that the asset will crystallise in the foreseeable future.

12 Profit per share

Basic profit per share is based on the profit after tax for the year/period and the weighted average number of shares in issue during each year/period.

	Year ended 31 December 2019	18 month period ended 31 December 2018
	£	£
	£	£
(Loss) / profit attributable to equity holders of the company	(2,820,106)	1,152,417
	No.	No.
Weighted average number of shares in issue	141,006,928	1,981,437

Weighted average number of shares for the prior period have been calculated from when the Group commenced activities on 9 January 2018.

	£	£
Basic (loss)/profit per share	(0.02)	0.58
Diluted (loss)/profit per share	(0.02)	0.58

There are no potentially dilutive ordinary shares and therefore the basic profit per share equals diluted profit per share.

13 Intangible assets

	Goodwill
	£
Cost	
At 1 July 2017	-
At 31 December 2018	-
Recognised on acquisition of subsidiary	4,028,287
At 31 December 2019	4,028,287
Accumulated impairment losses / amortisation	
At 1 July 2017	-
At 31 December 2018	-
Impairment losses for the year	-
At 31 December 2019	-
Carrying amount	
At 31 December 2019	4,028,287
At 31 December 2018	-
At 1 July 2017	-

The carrying amount of goodwill has all been allocated to the Group's primary activity of whole distribution and has been allocated to subsidiaries as follows:

	£
H&V Carpets BVBA	307,230
Lewis Abbott Limited	467,847
Heatseam Limited and its subsidiaries	3,253,210
	4,028,287

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used. This analysis showed that the break even point of goodwill for Heatseam Ltd is at a growth level of 1.36% with terminal growth factor of 2%. In the case of Lewis Abbott Ltd this is at a growth level of -3% and H&V, -18.6%

14 Other intangible assets

Consolidated	Licences £	Heatseam Customer base £	Heatseam Brand name £	Total £
Cost				
At 1 July 2017	-	-	-	-
At 31 December 2018	-	-	-	-
Additions on acquisition of subsidiaries	2,923	2,122,349	2,189,075	4,314,347
At 31 December 2019	2,923	2,122,349	2,189,075	4,314,347
Amortisation				
At 1 July 2017	-	-	-	-
At 31 December 2018	-	-	-	-
Charge for the year	360	106,117	109,454	215,931
At 31 December 2019	360	106,117	109,454	215,931
Net book value				
At 1 July 2017	-	-	-	-
At 31 December 2018	-	-	-	-
At 31 December 2019	2,563	2,016,232	2,079,621	4,098,416

The Company held no other intangible assets in any period.

15 Property, plant and equipment

	Land and buildings	Leasehold Improvement	Plant and machinery	Fixtures and fittings & computer equipment	Motor vehicles	Total
Consolidated	**£**	**£**	**£**	**£**	**£**	**£**
Cost or Valuation						
At 1 July 2017	-	-	-	-	-	-
Additions on acquisition of subsidiaries	3,100,000	-	45,962	36,814	-	3,182,776
Additions	-	-	-	5,613	-	5,613
At 31 December 2018	3,100,000	-	45,962	42,427	-	3,188,389
Additions on acquisition of subsidiaries	-	-	144,198	88,744	649,679	882,621
Additions	-	8,730	124,997	425,570	-	559,297
Revaluations	775,000	-	-	-	-	775,000
At 31 December 2019	3,875,000	8,730	315,157	556,741	649,679	5,405,307
Depreciation						
At 1 July 2017	-	-	-	-	-	-
Charge for the period	48,257	-	6,081	10,685	-	65,023
Eliminated on revaluation	(48,257)	-	-	-	-	(48,257)
At 31 December 2018	-	-	6,081	10,685	-	16,766
Charge for the year	48,257	437	34,900	66,379	141,507	291,480
Eliminated on revaluation	(48,257)	-	-	-	-	(48,257)
At 31 December 2019	-	437	40,981	77,064	141,507	259,989
Net book value						
At 1 July 2017	-	-	-	-	-	-
At 31 December 2018	3,100,000	-	39,881	31,742	-	3,171,623
At 31 December 2019	3,875,000	8,293	274,176	479,677	508,172	5,145,318

Included in land and buildings is land with a cost of £687,167 which is not depreciated.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold land and buildings as at 21 November 2019, which the directors do not believe is materially different to the valuation at year end, was performed by GeraldEve, independent valuers not related to the Group. GeraldEve are real estate advisors and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was determined on an open market basis.

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2019	2018
Freehold land and buildings	£	£
Cost	3,100,000	3,100,000
Accumulated depreciation	(83,157)	(48,257)
Net book amount	3,016,843	3,051,743

Depreciation is included within administrative expenses.

There is a floating charge against the assets of the subsidiary Heatseam Limited, from NatWest Bank PLC.
There is a fixed charge over the freehold land and buildings held by the Group and a floating charge over plant and machinery held by the subsidiary William Armes Limited in respect of the bank loans in place for the Group.

There is a floating charge against the assets of the subsidiaries William Armes Limited and Likewise Trading Limited in respect of the invoice financing arrangements.

15 Property, plant and equipment

	Land and buildings	Leasehold Improvement	Plant and machinery	Fixtures and fittings & computer equipment	Motor vehicles	Total
Company	£	£	£	£	£	£
Cost						
At 1 July 2017	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	-
Additions	-	8,730	-	25,066	-	33,796
At 31 December 2019	-	8,730	-	25,066	-	33,796
Depreciation						
At 1 July 2017	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	-
Charge for the year	-	437	-	2,177	-	2,614
At 31 December 2019	-	437	-	2,177	-	2,614
Net book value						
At 1 July 2017	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	-
At 31 December 2019	-	8,293	-	22,889	-	31,182

Depreciation is included within administrative expenses.

16 Subsidiaries

At 31 December 2019, the Company had the following investments in active subsidiaries

Name of subsidiary	Principal activity
Likewise Trading Limited	Wholesale distribution of floor coverings and associated products
William Armes Holdings Limited	Holding company
William Armes Limited (100% subsidiary of William Armes Holdings Limited)	Wholesale distribution of floor coverings and associated products
Lewis Abbott Limited (100% subsidiary of Likewise Trading Limited)	Wholesale distribution of floor coverings and associated products
Heatseam Limited	Wholesale distribution of floor coverings and associated products
Factory Flooring Outlet Ltd (100% subsidiary of Heatseam Ltd)	Wholesale distribution of floor coverings and associated products
H&V Carpets BVBA	Wholesale distribution of floor coverings and associated products

All companies, with the exception of H&V Carpets BVBA are incorporated in Great Britain and carry out activities in the United Kingdom. H&V Carpets BVBA is incorporated in Belgium and carries out activities in Europe and the United Kingdom.

Likewise Group Plc owns 100% of the ordinary share capital of Likewise Trading Limited, Heatseam Limited, H&V Carpets BVBA and William Armes Holdings Limited.

The registered offices of Likewise Group Plc are Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, England, B61 0GD.

The registered offices of Heatseam Limited and Factory Flooring Outlet Ltd are Units 4+5 Heatseam Business Park, Ravensthorpe Road, Dewsbury, West Yorkshire, England, WF12 9EG.

The registered offices of Likewise Trading Limited, William Armes Holding Limited and William Armes Limited are Church Field Road, Sudbury, Suffolk, England, CO10 2YA.

The registered offices of Lewis Abbott Limited are Unit 16, Kent Park Industrial Estate, Ruby Street, Peckham, London, England, SE15 1LR.

The registered offices of H&V Carpets BVBA are Nijverheidsstraat 26, 8760 Meulebeke, Belgium.

16 Subsidiaries (continued)

Company	**Shares in Group undertakings £**
Cost	
At 31 December 2018	1,700,100
Additions	9,846,241
Valuation of share warrants	80,110
At 31 December 2019	11,626,451

On 18 April 2019, the Company purchased 100% of the share capital of Heatseam Limited and its 100% owned subsidiary, Factory Flooring Outlet Ltd. Consideration of £7,500,000 was paid on completion with a further £500,000 deferred consideration paid in April 2020. Additionally 2,000,000 shares in Likewise Group Plc were issued as consideration which are required to be valued at £1 each by April 2021.

On 1 May 2019, the Company purchased 100% of the share capital of H&V Carpets BVBA for consideration of €1 in addition to a 10 year warrant for one million Likewise Group Plc shares at 30 pence per share. The fair value of these warrants as at 31 December 2019 was considered to be £80,110.

The Group considers impairment of its subsidiaries annually, this is assessed in the context of the Group's structure, and if appropriate an impairment provision is made.

17 Deferred tax asset/(liability)

Details of the deferred tax asset/(liability) are as shown below:

	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Fixed asset temporary differences	(159,815)	62,382	-	-
Short term temporary differences	4,580	735	-	-
Taxable losses and other deductions	69,080	608	-	-
Arising on business combinations	(732,942)	-	-	-
	(819,097)	63,725	-	-

Deferred tax arising on business combinations

The acquisition of Heatseam Limited resulted in the creation of intangible assets of £2,122,349 in relation to the customer base acquired and £2,189,075 in relation to brand names acquired. Therefore a deferred tax liability was recognised, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17% was used to determine this. This resulted in a deferred tax liability of £732,942.

18 Inventories

	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Finished goods and goods for resale	8,759,741	1,771,931	-	-
	8,759,741	1,771,931	-	-

	Year ended 31 December 2019	18 month period ended 31 December 2018	Year ended 31 December 2019	18 month period ended 31 December 2018
	£	£	£	£
Amounts of inventories recognised as an expense during the year/period as cost of sales are:	22,026,068	2,190,003	-	-
Amounts of inventories impaired during the year/period are:	106,462	146,724	-	-

19 Leases (Group as a lessee)

Right of use assets

Consolidated	**Buildings £**	**Other £**	**Total £**
Cost			
At 1 July 2017	-	-	-
At 31 December 2018	-	-	-
On transition to IFRS16	159,179	116,817	275,996
On acquisition of subsidiaries	348,134	192,844	540,978
Additions	515,984	527,426	1,043,410
At 31 December 2019	1,023,297	837,087	1,860,384
Depreciation			
At 1 July 2017	-	-	-
At 31 December 2018	-	-	-
On transition to IFRS16	26,530	36,129	62,659
Charge for the year	376,389	205,908	582,297
At 31 December 2019	402,919	242,037	644,956
Net book value			
At 1 July 2017	-	-	-
At 31 December 2018	-	-	-
At 31 December 2019	620,378	595,050	1,215,428

The Group leases several assets including buildings, plant and motor vehicles. The average term of lease for motor vehicles is 3 years and for buildings is 4 years.

The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in note 23.

Amounts recognised in profit and loss	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Depreciation expense on right-of-use assets	582,297	-	18,152	-
Interest expense on lease liabilities	19,276	-	1,338	-
Expense relating to short-term leases	10,402	-	-	-
	611,975	-	19,490	-

At 31 December 2019, the Group is committed to approximately £10,000 for short term leases

19 Leases (Company as a lessee)

Right of use assets

	Buildings
Company	**£**
Cost	
At 1 July 2017	-
At 31 December 2018	-
Additions	144,659
At 31 December 2019	144,659
Depreciation	
At 1 July 2017	-
At 31 December 2018	-
Charge for the year	18,152
At 31 December 2019	18,152
Net book value	
At 1 July 2017	-
At 31 December 2018	-
At 31 December 2019	126,507

The average term of lease for buildings for the Company is 5 years.

The maturity analysis of lease liabilities is presented in note 23.

20 Trade and other receivables

	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Trade receivables	5,929,150	1,016,531	-	31,881
Loss allowance	(68,376)	(24,940)	-	-
Amounts owed by group undertakings	-	-	5,556,479	2,122,072
Other receivables	106,995	127,792	2,805	7,993
Accrued income	142,863	-	-	-
Prepayments	412,062	62,442	29,823	1,331
	6,522,694	1,181,825	5,589,107	2,163,277

All of the above amounts are financial assets of the Group and Parent Company except certain prepayments.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £68,376 (2018: £24,940).

Trade receivables comprise amounts due from customers for goods sold. The Group's normal trade credit terms range from 30 to 60 days and therefore all are classified as current. here are a limited number of customers who are granted extended credit terms but these are not considered material to the financial statements. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group’s credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Trade receivables are aged at the reporting date as detailed below:

	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Not more than 30 days	2,842,408	845,339	-	31,881
More than 30 days but not more than 60 days	1,911,470	115,294	-	-
More than 60 days but not more than 90 days	656,301	29,575	-	-
More than 90 days but not more than 120 days	424,687	26,323	-	-
More than 120 days	94,284	-	-	-
Loss allowance	(68,376)	(24,940)	-	-
	5,860,774	991,591	-	31,881

20 Trade and other receivables ***(continued)***

The expected credit loss allowance is calculated using a weighted probability of recovery based on age of the receivable:

	31 December 2019	%	ECL
More than 90 days but not more than 120 days	424,687	5%	21,234
More than 120 days	94,284	50%	47,142
Total	518,971		68,376

Reconciliation of ECL allowance balance:

	£
Balance at 1 January	24,940
ECL allowance charged to profit or loss	43,436
	68,376

The carrying amounts of the trade receivables include receivables which are subject to a factoring agreement. Under this arrangement, William Armes Limited, has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, William Armes Limited has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its Statement of Financial Position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are:	31 December 2019 £	31 December 2018 £
Transferred receivables	414,944	307,665
Associated secured borrowings	(352,702)	(261,515)

21 Cash and cash equivalents

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Cash at bank and in hand	746,014	384,389	34,230	114,702
	746,014	384,389	34,230	114,702

22 Trade and other payables

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Trade payables	7,822,188	600,427	23,312	70,801
Amounts owed to group undertakings	-	-	-	34,105
Other taxation and social security	861,600	185,054	47,560	18,363
Deferred consideration on acquisition of subsidiaries	1,962,460	357,782	1,962,460	357,782
Other payables	80,292	30,881	1,350	1,350
Accruals	536,047	190,625	70,184	92,244
	11,262,587	1,364,769	2,104,866	574,645

Trade payables and accruals principally comprise amounts outstanding in relation to trade purchases and ongoing costs. Trade payables are unsecured and the Group has financial risk management procedures in place to ensure that all payables are paid within pre-agreed credit terms.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value due to their short term nature.

All of the above amounts are financial liabilities of the Group and Parent Company except social security and other taxes.

23 Lease liabilities

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Maturity analysis:				
Year 1	771,189	-	31,310	-
Year 2	447,821	-	30,849	-
Year 3	261,910	-	30,404	-
Year 4	128,293	-	29,959	-
Year 5	31,196	-	14,758	-
	1,640,409	-	137,280	-
Analysed as:				
Current	771,189	-	31,310	-
Non current	869,220	-	105,970	-
	1,640,409	-	137,280	-

24 Borrowings

	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Current borrowings - Secured				
Invoice discounting facility	352,702	261,515	-	-
Bank overdrafts	127,639	-	-	-
Bank loans	137,415	126,129	137,415	126,129
	617,756	387,644	137,415	126,129
Non-current borrowings - Secured				
Bank loans	1,765,522	2,130,306	1,765,522	2,130,306
	1,765,522	2,130,306	1,765,522	2,130,306

The Directors consider that the carrying amount of the invoice discounting facility and bank loan approximates their fair value.

The invoice discounting facility is secured against the related trade debtor balances and by a floating charge over the assets of the Group. The invoice discounting facility is denominated in Sterling and Euro.

The overdraft facility is secured by a floating charge over the assets of the Group.

	Carrying Amount	
	31 December 2019	31 December 2018
	£	£
Amounts repayable under bank loans		
Within one year	137,415	126,129
In the second to fifth year inclusive	603,357	539,594
Beyond five years	1,162,165	1,590,712
	1,902,937	2,256,435

The effective interest rates paid were as follows:

	2019	2018
Invoice discounting facility	0.2%*	0.2%*
Bank loan	see below	see below

*The invoice discounting facility incurs service charges of 0.2% of the notified value of the related debt subject to a minimum service charge of £500 per month.

During the prior period the Company obtained a bank loan of £2,280,000. Repayments commenced on 5th August 2018 and will continue until 5th January 2033. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest at on a floating rate basis with interest at Bank of England rate plus a margin of 2.95%.

This loan is at a floating interest rate and exposes the Group to fair value interest rate risk.

There were no defaults of the loan during the year.

25 Financial instruments

Classification of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The only financial instruments the Group holds which are measured at fair value through the Income Statement are forward currency contracts. All other financial assets and liabilities are held at amortised cost.

The tables below set out the company's accounting classification of each class of its financial assets and liabilities.

Financial assets

	Financial assets at amortised cost			
	Consolidated		Company	
	31 December 2019	31 December 2018 £	31 December 2019 £	31 December 2018
Trade receivables	5,860,774	991,591	-	31,881
Amounts owed by group undertakings	-	-	5,556,479	2,122,072
Other receivables	106,995	127,792	2,805	7,993
Cash and cash equivalents	746,014	384,389	34,230	114,702
	6,713,783	1,503,772	5,593,514	2,276,648

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

25 Financial instruments *(continued)*

Financial liabilities

	Measured at amortised cost			
	Consolidated		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Non-current				
Bank loans	1,765,522	2,130,306	1,765,522	2,130,306
Current				
Trade payables	7,822,188	600,427	23,312	70,801
Amounts owed to group undertakings	-	-	-	34,105
Deferred consideration on acquisition of subsidiaries	1,962,460	357,782	1,962,460	357,782
Other payables	80,292	30,881	1,350	1,350
Accruals	536,047	190,625	70,184	92,244
Invoice discounting facility	352,702	261,515	-	-
Bank loans - current	137,415	126,129	137,415	126,129
	12,656,626	3,697,665	3,960,243	2,812,717

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

26 Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes above.

Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The ageing profile of the trade receivables balance can be seen in note 20 above.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2019 reporting date this amounts to £6,713,783 (2018: £1,503,772).

Interest rate risk

The Group has secured debt consisting of an invoice discounting facility and bank loan.

The interest on the bank loan and discounting facility are at floating rates, however interest rate risk is considered to be limited due to the low current interest rates and economic climate. The Directors have performed sensitivity analysis which shows the impact on cash flow for the coming year would be less than £100k even if interest rates were to rise by 5% which is consider by the Directors to be highly unlikely.

The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

26 Financial instrument risk exposure and management *(continued)*

Foreign exchange risk

Most of the Group's transactions are carried out in GBP. Exposures to foreign currency exchange rates arise from the Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR.

The Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk. As at the 31 December 2019 the value of forward Euro contracts held by the subsidiary company, William Armes Limited, totalled £59,732 (2018: £103,120). These contracts expire at various dates between 9 January 2020 and 20 February 2020.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due, and ensuring adequate working capital using invoice financing arrangements.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The tables below show the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

At 31 December 2018

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	600,427	600,427	-	-	-	-
Other taxation and social security	185,054	-	185,054	-	-	-
Deferred consideration	357,782	-	357,782			
Other payables	30,881	30,881	-	-	-	-
Accruals	190,625	-	190,625	-	-	-
Lease liabilities	-	-	-	-	-	-
Invoice discounting facility	261,515	-	261,515	-	-	-
Bank loans	2,854,073	-	50,523	151,569	202,092	2,449,889
	4,480,357	631,308	1,045,499	151,569	202,092	2,449,889

At 31 December 2019

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	7,822,188	7,822,188	-	-	-	-
Other taxation and social security	861,600	-	861,600	-	-	-
Deferred consideration	1,962,460	-	200,000	500,000	1,262,460	
Other payables	80,292	80,292	-	-	-	-
Accruals	536,047	-	536,047	-	-	-
Lease liabilities	1,733,370	-	236,655	561,846	474,176	460,693
Invoice discounting facility	352,702	-	352,702	-	-	-
Bank loans	2,333,462	-	51,377	154,131	205,509	1,922,445
	15,682,121	7,902,480	2,238,381	1,215,977	1,942,145	2,383,138

27 Capital management

The Group's capital management objectives are:
• To ensure the Group's ability to continue as a going concern; and
• To provide long term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding borrowings, less cash and cash equivalents as presented on the face of the Statement of financial position as detailed below:

	31 December 2019	31 December 2018
	£	£
Equity	14,410,527	2,690,774
Borrowings	2,383,278	2,517,950
Cash and cash equivalents	(746,014)	(384,389)
	16,047,791	4,824,335

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares or adjusting the level of debt. The Group is not subject to any externally imposed capital requirements.

28 Share capital

Consolidated and Company **Allotted, called up and fully paid**	31 December 2019	31 December 2018
	No.	No.
Ordinary shares of £0.01 each (2018: Ordinary shares of £0.01 each)	152,341,994	50,000,000

The Company has one class of ordinary share which carry no right to fixed income.

As at 31 December 2018, Company had received £800,000, to subscribe for new equity, which was held in the prior year comparatives within equity as share capital to be issued. On 9 January 2019, the Company allotted 8,000,000 new £0.01 shares in exchange for these funds.

In addition, on 9 January 2019, the Company allotted 62,000,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £6,200,000. An additional 60,000,000 new shares were authorised but not issued at that date.

On 18 April 2019, the Company allotted 30,000,000 new £0.01 Ordinary Shares for consideration of £0.25 per share, totalling £7,500,000 and a further 2,000,000 new £0.01 Ordinary Shares as part of the acquisition of Heatseam Limited equating to consideration of £500,000 at time of issue. As at 31 December 2019, these 2,000,000 are valued at £640,000. An additional 10,000,000 new shares were authorised but not issued at that date.

On 30 May 2019, the Company allotted 341,994 new £0.01 Ordinary Shares for consideration of £0.33 per share, totalling £112,858.

29 Share premium

	31 December 2019	31 December 2018
Consolidated and Company	£	£
Balance at start of year/period	200,100	-
Premium arising on issue of equity shares (see note 28)	14,089,438	200,100
Legal and professional fees incurred on issue of equity shares	(852,183)	-
Valuation of warrant shares	(48,060)	-
Balance at end of year/period	13,389,295	200,100

30 Operating leases

Payments recognised as an expense are disclosed in note 8 and include the cost of short term hire of plant and machinery.

The aggregate future minimum lease payments under non cancellable operating lease commitments are detailed below:

	Land and Buildings 2019	Plant and equipment 2019	Land and Buildings 2018	Plant and equipment 2018
	£	£	£	£
Not later than 1 year	-	-	81,000	48,868
Later than 1 year and not later than 5 years	-	-	-	46,380
	-	-	81,000	95,248

31 Business combination

On 1 February, Likewise Trading Limited, a subsidiary of the Company, acquired the entire share capital of Lewis Abbott Limited, a wholesale distributor of floor coverings and associated products, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £603,095 was paid on completion with a further £200,000 deferred consideration paid in February 2020. This was funded by a loan from Likewise Group Plc.

On 18 April 2019, the Company acquired the entire share capital of Heatseam Limited and its 100% owned subsidiary Factory Flooring Outlet Ltd, distributors of residential flooring products throughout England and Scotland. The acquisition has enabled the Group to develop a distribution network utilising Heatseam's hub in Dewsbury with two out bases in Daventry and Glasgow. The acquisition of Heatseam adds significant scale to the existing activities and meaningfully increases the product portfolio of the Group. Consideration of £7,500,000 was paid on completion with a further £500,000 deferred consideration to be paid in 2020. Interest is charged at 3% on any balance outstanding from 18 April 2020. Additionally 2,000,000 shares in Likewise Group Plc were issued as consideration which are required to be valued at £1 each by April 2021. The value at issue of these shares was considered to be £500,000 based on the market price of £0.25 per share. At the reporting date it is considered that, based on a share price of £0.32 per share, there is potential deferred consideration outstanding of £1,281,580. This acquisition was funded by the issuing of 30 million new shares in Likewise Group Plc.

On 1 May 2019, the Company acquired the entire share capital of H&V Carpets BVBA, wholesale distributors of floor coverings and associated products. H&V has continued to operate from its facility in Meulebeke, Belgium with the stockholding, logistics and delivery to customers being enhanced through utilising the existing Likewise UK structure. Consideration of €1 was paid in addition to a 10 year warrant for one million Likewise Group Plc shares at 30 pence per share. Additionally, a €1,000,000 working capital loan was made from Likewise Group Plc to H&V Carpets BVBA at acquisition. This loan should not be repaid for a period of at least two years from the date of acquisition.

31 Business combination (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Lewis Abbott Limited	Heatseam Limited	H&V Carpets BVBA
	£	£	£
Tangible assets	55,467	796,527	30,628
Intangible assets	-	-	2,923
Stocks	545,719	4,320,047	993,136
Debtors	237,607	2,408,711	1,784,824
Cash	53,105	203,644	33,987
Total assets	891,898	7,728,929	2,845,498
Creditors due within one year	(556,650)	(4,595,944)	(3,072,617)
Deferred tax	-	(118,437)	-
Total identifiable net assets	335,248	3,014,548	(227,119)
Intangible assets:			
Customer base	-	2,122,349	-
Brand name	-	2,189,075	-
Goodwill	467,847	3,253,210	307,230
Deferred tax on acquisition	-	(732,942)	-
Total purchase consideration	803,095	9,846,240	80,111
Purchase consideration consists of:			
Cash	603,095	7,500,000	1
Deferred consideration	200,000	500,000	-
Share issue	-	500,000	-
Contingent consideration at purchase	-	1,500,000	-
Warrant revaluation at grant	-	(153,760)	80,110
	803,095	9,846,240	80,111

The book value of receivables represents both the gross contracted and fair value of amounts receivable. At the acquisition date, the entire book value of receivables was expected to be collected.

The customer base has been valued using current cash flow levels over a 15 year period with an attrition rate of 2% and a discount factor of 10%.

The brand valuation has been established using a growth rate between 2% & 3% over 15 years, applying a royalty rate of 1.5% and a discount factor of 10%.

The residual goodwill is a reflection of the benefit the acquisitions will have on the Group by offering greater geographic coverage and providing the opportunity to expand this further than is currently the case. The acquisitions will benefit from the collective group marketing and the enhanced product range available to all group companies. Ultimately this will enable the acquired businesses and the existing group members to provide an improved customer service, across a wider geographic area, with a greater product portfolio designed to help the Group to continue its development.

There has been no inclusion of other intangible assets separate to goodwill for Lewis Abbott Limited or H&V Carpets BVBA as the value was deemed not to be material.

The uplift in share price from £0.25 per share at acquisition to £0.32 per share at 31 December 2019 has been taken into account when calculating the potential deferred consideration payable on the acquisition of Heatseam Limited. This has resulted in a gain of £83,780 included in the Statement of Comprehensive Income for the year.

Following the year end, the Coronavirus pandemic has meant that the share price of the Company has fallen and therefore it is likely that this gain will reverse in the coming year.

31 Business combination (continued)

Acquisition related costs for the acquisitions were as follows:

	£
Lewis Abbott Limited	22,325
Heatseam Limited	183,011
H&V Carpets BVBA	30,058
	235,394

Lewis Abbott Limited contributed £4,784,750 revenue and a loss of £142,329 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of Lewis Abbott Limited had been completed on the first day of the financial year, contribution to Group revenues would have been £4,898,271 a loss of £281,280 (including an impairment of stock of £100,000) to Group's profit for the year.

Heatseam Limited and its subsidiary Factory Flooring Outlet Ltd contributed £16,404,347 revenue and a profit of £12,227 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of Heatseam Limited and its subsidiary Factory Flooring Outlet Limited had been completed on the first day of the financial year, contribution to Group revenues would have been £21.5m. The Companies would have contributed a loss of £361k to Group including an impairment to stock and fixed assets of £592k.

H&V Carpets BVBA contributed £3,118,469 revenue and a loss of £117,206 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of H&V Carpets BVBA had been completed on the first day of the financial year, contribution to Group revenues would have been £5,146,359 a loss of £176,911 to Group's profit for the year.

32 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities.

	Cash / bank overdraft	Borrowing due within one year	Borrowing due after one year	Total
	£	£	£	£
Net debt at 1 July 2017	100	-	-	100
Cash flows	384,289	(261,515)	-	122,774
New bank loans	-	(126,129)	(2,130,306)	(2,256,435)
Net debt at 31 December 2018	384,389	(387,644)	(2,130,306)	(2,133,561)
Cash flows	233,986	(102,473)	364,784	496,297
Net debt at 31 December 2019	618,375	(490,117)	(1,765,522)	(1,637,264)

33 Share-based payments

Equity settled share option plan

The Company has a Savings-Related Share Option Plan ("SAYE") for all employees of the Group. In accordance with the terms of the plan, as approved by shareholders, employees of the Group may be granted options to purchase ordinary shares. There are no performance criteria for the SAYE and options are issued to participants in accordance with HMRC rules. Vesting is conditional on continuity of service.

During the year 6,397,546 options were issued, including 600,000 options to directors, at a weighted average option price of £0.13 per share. The remaining contractual life of the options is approximately 5 years. No options were exercised in the year.

In addition, the Company granted 2,100,000 share options to directors and 6,665,000 shares to management in the year under Enterprise Management Incentives (EMIs) at a weighted average option price of £0.18 per share. The remaining contractual life of the options is approximately 5 years. No options were exercised in the year.

Share options are valued using the Black-Scholes model. The inputs to the model are the option price and share price at date of grant, expected volatility (20%), expected dividend rate (0%) and risk free rate of return (4%). The model has been adjusted for expected behavioural considerations.

The cost of options is amortised to the Statement of Comprehensive Income over the service life of the option resulting in a charge of £90,574 for the year.

A deferred tax asset has not been recognised in relation to the charge for share based payments.

34 Warrants over ordinary shares

On 9 January 2019, the Company issued warrants over 1,800,000 shares as part of the IPO at a price of £0.10 per share.

On 1 May 2019, the Company issued warrants over 1,000,000 shares as part of the acquisition of H&V Carpets BVBA at a price of £0.30 per share.

Warrants are exercisable at any date in the ten years following the date of grant.

Warrants are valued using the Black-Scholes model. The inputs to the model are the option price and share price at date of grant, expected date of exercise, expected volatility (20%), expected dividend rate (0%) and risk free rate of return (4%).

The fair value of the warrants at 31 December 2019 is considered to be £128,170

35 Retirement benefit plans

Defined benefit scheme

William Armes Limited, a subsidiary of the Group since 9 January 2018, operates a pension scheme providing benefits based on final pensionable pay. The Scheme is closed to new members and is closed to future accrual. For pensions earned after 5 April 1997 and for Guaranteed Minimum Pensions earned between 6 April 1998 and 5 April 1997, increases in payment will be in line with CPI rather than RPI. Revaluations of pensions in deferment are linked to RPI.

The assets of the Scheme are held separately from those of the Group in trustee-administered funds. The level of contributions is determined by a qualified actuary on the basis of triennial valuations. The latest full valuation was completed by an independent actuary on 31 December 2017.

The contribution paid for the year ended 31 December 2019 was £20,000 (2018: £20,000). It has been agreed with the trustee that contributions for the next year will be £20,000 (2018: £20,000).

Given that the defined benefit pension scheme is in surplus at 31 December 2019, there is expected to be no material impact on the Group's future cash flows.

The major assumptions used in this valuation are as follows:

	31/12/2019	**31/12/2018**
Discount rate	2.00%	2.80%
Future salary increases	2.10%	2.40%
Inflation assumption	2.90%	3.20%
Mortality rates		
- for male aged 65 now	1.50%	1.50%
- for female aged 65 now	1.00%	1.00%

The amount recognised in the Statement of Financial Position in respect of the Group's defined benefit retirement plan is as follows:

	31/12/2019	**31/12/2018**
	£	**£**
Present value of funded obligations	(1,733,000)	(1,673,000)
Recognised fair value of plan assets	1,733,000	1,673,000
Net asset/(liability) recognised in the Statement of Financial Position	-	-

Amounts recognised in the Income Statement in respect of the defined benefit plan is as follows:

	Year ended 31 December 2019	Period ended 31 December 2018
	£	**£**
Interest on obligation	(46,000)	(43,000)
Interest income	46,000	43,000
	-	-

The charge for the year/period is included in the finance charges in the income statement.

35 Retirement benefit plans *(continued)*

	Year ended 31 December 2019	Period ended 31 December 2018
	£	**£**
Experience adjustments on plan assets (excluding amounts included in net interest cost) – (loss)/gain	218,000	(112,000)
Experience gains and losses arising on the defined benefit obligation – (loss)/gain	(100,000)	133,000
Asset surplus not recognised	(138,000)	(31,000)
Total amount recognised in other comprehensive income – (loss)/gain	(20,000)	(10,000)

Cumulative actuarial gains and losses reported in the Statement of Comprehensive income was £20,000 (2018: £10,000).

Changes in the present value of the defined benefit obligation are as follows:

	31/12/2019	**31/12/2018**
	£	**£**
Opening defined benefit obligation	1,673,000	1,847,000
Interest cost	46,000	43,000
Benefit paid	(86,000)	(84,000)
Actuarial (loss)/gain	100,000	(133,000)
Defined benefit obligation at 31 December	1,733,000	1,673,000

Changes in the fair value of plan assets are as follows:

	31/12/2019	**31/12/2018**
	£	**£**
Opening Fair value of plan assets	1,704,000	1,837,000
Interest income	46,000	43,000
Total contributions – employer	20,000	20,000
Benefits paid	(86,000)	(84,000)
Return on plan assets	218,000	(112,000)
Closing fair value of plan assets	1,902,000	1,704,000
Unrecognised surplus	(169,000)	(31,000)
Recognised value of plan assets at 31 December	1,733,000	1,673,000

The fair value of plan assets at the reporting date is analysed as follows:

	31/12/2019	**31/12/2018**
	£	**£**
Equities	1,126,000	1,655,000
Cash	117,000	49,000
Bonds	659,000	-
	1,902,000	1,704,000

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

Due to the fact that the Group purchased the company in which the defined benefit liability resides in the prior period, disclosure of historical information is not made.

35 Retirement benefit plans (continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation was performed as part of the full 2017 valuation:

	Change in assumption	Change in liabilities
Pre retirement interest rate	Increase of 0.5%	Decrease of £14,000
Gap between RPI and CPI	kept at 0.5%	Increase of £46,000
Rate of mortality	unchanged from prior report	Increase of £52,000

Defined contribution scheme

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the Group to the scheme during the year/period amounted to £213,389 (2018: £40,681). The amount outstanding at the reporting date in respect of contributions to the scheme were £52,071 (2018: £Nil).

36 Related party transactions

Key management of Tony Brewer, Roy Povey, Adrian Laffey & James Kellett remuneration is disclosed as follows:

	year ended 31 December 2019 £	18 month period ended 31 December 2018 £
Remuneration of key management		
Remuneration	658,894	112,699
Social security costs	83,243	9,579
Group pension contribution to defined contribution schemes	42,407	8,898
Share based payments	13,884	-
	798,428	131,176

Key management personnel were granted 1,200,000 options under the Group SAYE scheme at an option price of £0.10 per share and 3,900,000 options under the Group EMI scheme at an option price of £0.10 per share.

The Company has traded with the following related parties as follows:

	31 December 2019 £	31 December 2018 £
Directors		
Share capital to be issued to A J Brewer	-	400,000
Share capital to be issued to A J W Simpson	-	400,000

37 Ultimate controlling party

Until 11 January 2019, the controlling party was considered to be Mr A J Brewer, by way of his shareholding in the share capital of the Company.

On 11 January 2019, the Company listed on The International Stock Exchange (TISE).

As at 31 December 2019, there is not considered to be any one party with control over the Company.

38 Reserves

Share capital - this represents the nominal value of shares that have been issued.

Share premium - this reflects proceeds generated on issue of shares in excess of their nominal value and is a non-distributable reserve.

Share option reserve - this represents the cumulative fair value of options granted.

Warrant reserve - this represents the cumulative fair value of warrants granted.

Revaluation reserve - this is used to record increases in the fair value of fixed assets and decreases to the extent that the decrease relates to a previous increase on the same asset. The revaluation reserve is a non-distributable reserve.

Retained earnings - this includes all current and prior period gains and losses and is a distributable reserve.

39 Post balance sheet events

The COVID-19 pandemic occurred following the year end - please see the Directors Report for further narrative on this matter.

The Board do not believe that there has been any material impact on long term asset values in the business as a result of the pandemic.

With effect from 1 January 2020, Likewise Trading Limited and William Armes Limited have been amalgamated and will operate from the freehold premises in Sudbury under the trading title of Likewise Matting. This allows the Group to consolidate the matting business and to take advantage of the purpose built distribution facility in Sudbury. As a result of the merger, all distribution and administrative positions will be based at Sudbury. The enlarged field sales team will operate under one overall Sales Manager, responsible for Likewise Matting.

On 3 February 2020, the Company acquired the entire issued share capital of A&A Carpets Limited, a distributor of floor coverings, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £891,770 was paid funded by an intercompany loan arrangement with Heatseam Limited. Net assets acquired had a fair value at acquisition of £873,248 as detailed below. A&A Carpets Limited is expected to contribute annual revenue of approximately £8.6m and profit before tax of £100,000 to the Group.

Identifiable assets acquired and liabilities assumed:

	Book value	**Fair value adj**	**Fair value**
	£	£	£
Tangible assets	350,819	(129,270)	221,549
Stocks	2,513,689	(2,206,436)	307,253
Debtors	874,724		874,724
Cash	136,958		136,958
Deferred tax	37,216		37,216
Total Assets	3,913,406	(2,335,706)	1,577,700
Creditors due within one year	(1,093,968)	389,516	(704,452)
Total identifiable net assets	2,819,438	(1,946,190)	873,248
Goodwill			18,522
Total purchase consideration			891,770

Acquisition related costs for the acquisition of A&A Carpets Ltd amounted to £21,195

Notice is hereby given that the first Annual General Meeting ("AGM") of Likewise Group plc will be held at Unit 6, Topaz Business Park, Birmingham Road, Bromsgrove B61 0GD on Wednesday 25 November 2020 at 10.00 a.m. for the following purposes.

To propose the following as ordinary resolutions

1 To receive, consider and adopt the Annual Report and Accounts, the reports of the directors and the Independent Auditor's Report for the year ended 31 December 2019.

2 To declare a final dividend for the year ended 31 December 2019 of nil pence per ordinary share.

3 To reappoint Crowe U.K. LLP as the independent auditor of the company from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the shareholders.

4 To authorise the directors to determine the independent auditor's remuneration.

5 Authority to allot shares

THAT in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as **Relevant Securities**) up to an aggregate nominal value of £507,807 representing 50,780,664 ordinary shares (33% of the company's ordinary share capital (excluding treasury shares) in issue at 29 October 2020), to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) **PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 15 months from the date of this resolution (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

To propose the following as special resolutions

6 Disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of resolution 5 above and in substitution for all existing and unexercised authorities and powers, the directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) (**Equity Securities**) pursuant to the authority conferred upon them by resolution 5 above as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

a the allotment of Equity Securities pursuant to the authority granted under resolution 5 in connection with a rights issue or similar offer in favour of ordinary shareholders where the Equity Securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

b the allotment (otherwise than pursuant to resolution 5 above) of Equity Securities pursuant, to the authority granted under resolution 5 up to an aggregate nominal amount of £76,171, representing approximately 5 per cent. of the issued share capital of the Company,

and shall expire, unless previously renewed, varied or revoked by the Company in general meeting, at the end of the next annual general meeting of the Company (or, if earlier, 15 months from the date of this resolution) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Equity Securities to be allotted after the expiry of such period and the directors may allot Equity Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

1 **THAT**, subject to and conditional upon the passing of resolution 5 above, and in addition to any authority granted under resolution 5 above, the directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot Equity Securities under the authority given by that resolution 5 as if section 561 of the Act did not apply to any such allotment of Equity Securities, such authority to be:

2 limited to the allotment of Equity Securities up to an aggregate nominal amount of £76,171, representing approximately 5 per cent. of the issued share capital of the Company; and used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of annual general meeting of the Company, such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the end of the next annual general meeting of the Company (or, if earlier, 15 months from the date of this resolution) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Equity Securities to be allotted after the expiry of such period and the directors of the Company may allot Equity Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

7 Authority to purchase own shares

THAT the Company is generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined in section 693 of the Act) of shares in its capital provided that:

1 the maximum aggregate number of shares that may be acquired under this authority is 15,234,199 being 10 per cent of the Company's issued shares;

2 the minimum price which may be paid for a share is its nominal value;

3 the maximum price which may be paid for a share is five per cent. above the average middle market quotation for a share for the five business days prior to such purchase; and

4 this authority shall expire at the end of the next annual general meeting of the Company provided that before such expiry the Company may enter into contracts for purchase to be completed after such expiry and may complete any such purchases.

8 Notice period for general meetings

That the company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 days' clear notice from the date of the passing of this resolution, provided that the authority shall expire at the conclusion of the AGM of the company to be held in 2021 or 30 June 2021, whichever is the earlier.

By order of the board

Roy Povey
Company Secretary
30 October 2020

Likewise Group plc
Registered No. 08010067, England and Wales
Registered office:
6 Topaz Business Park
Birmingham Road
Bromsgrove
B61 0GD

Explanatory Notes to the Proposed Resolutions

The group's AGM will be held at Unit 6, Topaz Business Park, Birmingham Road, Bromsgrove B61 0GD on Wednesday 25 November 2020 at 10.00 a.m.

A description of the resolutions that will be proposed at the meeting is set out below.

Resolutions 1 to 5 inclusive are proposed as ordinary resolutions which means that for each of these resolutions to be passed, more than half the votes cast must be cast in favour of the resolution. Resolutions 6 to 8 inclusive are proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be cast in favour of the resolution.

Resolution 1 – Annual Report and Accounts
The company is required by law to present to shareholders at the AGM its audited accounts and the directors' and independent auditor's reports for the financial year ended 31 December 2019. Shareholders are invited to vote to receive and adopt the Annual Report and Accounts for the year ended 31 December 2019.

Resolution 2 – Declaration of dividend
The directors recommend that no ordinary dividend is paid in respect of the year ended 31 December 2019.

Resolution 3 – Appointment of auditor
The company is required to appoint an auditor at each general meeting at which accounts are laid before the company, to hold office until the end of the next such meeting. This resolution proposes the appointment of an auditor. Crowe has expressed its willingness to continue in office.

Resolution 4 – Agreement of auditor remuneration
In addition to the company's requirement to appoint an auditor, shareholder authority is sought for the directors to determine the remuneration to be paid to the auditor for the period of appointment.

Resolution 5 – Authority to allot shares
Shareholders are being asked to pass the necessary resolution to grant to the directors a general authority, for the purpose of section 551 of the Companies Act 2006, to allot relevant securities. With due regard to the ABI guidelines and to comments received from shareholders, the proposed general authority, is to allot up to an aggregate nominal amount of £507,807 representing 50,780,664 ordinary shares (33% of the company's ordinary share capital (excluding treasury shares) in issue at 29 October 2020).

This authority will lapse at the conclusion of the AGM to be held in 2021, or, if earlier, on 30 June 2021. The directors consider that this authority is desirable to allow the company to retain flexibility, although they have no current intention of exercising this authority except in connection with the company's employee share schemes.

Resolution 6 – Disapplication of pre-emption rights
Shareholders are being asked to pass a resolution to empower the directors to allot equity securities, or sell treasury shares, for cash as if section 561 of the Companies Act 2006 (which gives shareholders certain pre-emption rights on the issue of shares or rights to subscribe for or convert securities into shares) did not apply to any such allotment. The resolution allows the issue or sale of shares of up to an aggregate nominal amount of £76,171 representing 7,617,100 ordinary shares in respect of rights issues and other issues pro rata to existing entitlements, and also allows issues or sales for cash (other than in relation to a rights issue) limited to shares having an aggregate nominal amount of £76,171 (5% of the company's ordinary share capital in issue at 29 October 2020). The authority will lapse at the conclusion of the AGM to be held in 2021 or, if earlier, on 30 June 2021.

The directors confirm that they have no present intention of exercising this authority.

Resolution 7 – Purchase of own shares
The directors believe that it is in the interests of the company and its members to have the flexibility to purchase its own shares and this resolution seeks authority from members to do so. The directors intend only to exercise this authority where, after considering market conditions prevailing at the time, they believe that the effect of such exercise would be to increase the earnings per share and be in the best interests of shareholders generally. The effect of such purchases would either be to cancel the number of shares in issue or the directors may elect to hold them in treasury pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 ("the Regulations"). The Regulations enable certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by a company in accordance with the Companies Act 2006.

Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under a company's employee share scheme. Once held in treasury, a company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the company's assets may be made to the company in respect of the treasury shares.

The authority is in respect of 10% of the company's issued ordinary share capital as at 29 October 2020 and will lapse at the conclusion of the AGM to be held in 2021 or, if earlier, on 30 June 2021. The resolution specifies the maximum and minimum prices at which the shares may be bought. If the company buys any of its shares under the authority proposed by resolution 7, the board will decide at the time whether to cancel them immediately or hold them in treasury. The purchase of shares will be dependent on market conditions and will also take into account the cash generated in the business and other investment opportunities that may arise over time.

During the year the company made no purchases of its own shares.

Resolution 8 – Notice period for general meetings

This will be proposed as a special resolution to approve the holding of general meetings, other than AGMs, on 14 days' notice. Although the company's articles currently permit this, the Shareholder Rights Directive requires a shareholder resolution to be passed to authorise general meetings to be held on 14 days' notice. Without the passing of resolution 8, the minimum notice period under the regulations would be 21 days. If resolution 8 is passed by the shareholders, the regulations would only allow the company to call a general meeting on 14 days' notice if it were to make a system of electronic voting available to its shareholders in respect of the meeting in question. The directors consider it to be in the best interest of shareholders to pass resolution 8 in order to prevent being constrained by the regulations implementing the directive. It will be necessary for a similar resolution to be put to shareholders at each subsequent AGM. It is intended that this flexibility will only be used for non-routine business and where merited in the interests of shareholders as a whole.

Notice of Meeting Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 23 November 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. In light of the Coronavirus (Covid-19) pandemic and the social distancing measures in place, shareholders will not be able to attend the AGM in person. Given the current circumstances, the Company strongly encourages shareholders to vote electronically.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote either:
   - by logging on to www.signalshares.com and following the instructions;
   - if you need help with voting online, please contact our Registrar, Link Asset on 0371 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK, or email Link at shareholderenquiries@linkgroup.co.uk.
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
     - You will not receive a form of proxy for the AGM in the post. Instead, you will receive instructions to enable you to vote electronically and how to register to do so. You may request a physical copy proxy form directly from the registrars, Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU (telephone number: 0371 664 0300). If you request a physical copy proxy form, it must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to be received by 10.00 am on 23 November 2020.

   In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF 10.00 on 23 November 2020.
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 on 23 November 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

13. As at 29 October 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 152,341,994 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 29 October 2020 are 152,341,994

14. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

15. In light of the Coronavirus (Covid-19) pandemic and the social distancing measures in place, shareholders will not be able to attend the AGM in person. Shareholders may also wish to submit questions in advance via e-mail to info@likewiseplc.com. We will endeavour to respond to questions raised directly, or by publishing responses on our website.

16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice on the day of the Meeting until the conclusion of the Meeting:

copies of the Directors' letters of appointment or service contracts.

17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.likewiseplc.com

Shareholder information

Link Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Signal Shares

Signal Shares is a secure online site where you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- Arrange to have dividends paid into your bank account
- Request to receive shareholder communications by email rather than post
- View your dividend payment history
- Make dividend payment choices
- Buy and sell shares and access a wealth of stock market news and information
- Register your proxy voting instruction
- Download a stock transfer form.

To register for Signal Shares just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate.

Customer Support Centre

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone - UK – 0371 664 0300
(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

By email - shareholderenquiries@linkgroup.co.uk

By post - Link Asset Services**,** The Registry**,** 34 Beckenham Road**,** Beckenham**,** Kent**,** BR3 4TU.

Sign up to electronic communications

Help us to save paper and get your shareholder information quickly and securely by signing up to receive your shareholder communications by email.

Registering for electronic communications is very straightforward. Just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate.

Buy and sell shares

A simple and competitively priced service to buy and sell shares is provided by Link Asset Services. There is no need to pre-register and there are no complicated application forms to fill in and by visiting **www.linksharedeal.com** you can also access a wealth of stock market news and information free of charge.

For further information on this service, or to buy and sell shares visit **www.linksharedeal.com** or call 0371 664 0454 Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 16:30, Monday to Friday excluding public holidays in England and Wales).

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply. Link Asset Services is a trading name of Link Market Services Trustees Limited which is authorised and regulated by the Financial Conduct Authority. This service is only available to private shareholders resident in the European Economic Area, the Channel Islands or the Isle of Man.

Link Asset Services is a trading name of Link Market Services Limited and Link Market Services Trustees Limited. Share registration and associated services are provided by Link Market Services Limited (registered in England and Wales , No. 2605568). Regulated services are provided by Link Market Services Trustees Limited (registered in England and Wales No. 2729260), which is authorised and regulated by the Financial Conduct Authority. The registered office of each of these companies is The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity10528686). Find out more at www.sharegift.org.uk or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.
The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at http://www.fca.org.uk/ to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
- Search our list of unauthorised firms and individuals to avoid doing business with.

REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **http://www.fca.org.uk/scams**, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.