

This document and the appendices attached hereto (which together comprise the “Listing Document”) include particulars given in compliance with the TISEA Listing Rules for the purpose of giving information with regard to Likewise Group PLC (the “Company” or “Likewise”).

Application has been made to TISEA for both 50,000,000 Existing Shares and 70,000,000 Issue Shares to be admitted to the Official List. It is expected that admission of the Shares to the Official List will become effective, and that dealings shall commence, on or about 11 January 2019.



# Likewise Group PLC

*(a company incorporated on 28 March 2012 in England and Wales under the Companies Act 2006 with company number 08010067)*

**LISTING ON THE OFFICIAL LIST OF  
THE INTERNATIONAL STOCK EXCHANGE AUTHORITY LIMITED**

**SPONSORS TO TISE LISTING**  
RAVENSCROFT LIMITED

**FINANCIAL ADVISOR**  
ZEUS CAPITAL LIMITED

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**Share capital of the Company immediately following Admission**

<i>Number</i>	<i>Issued and fully paid</i>	<i>Nominal Value</i>
120,000,000		£1,200,000

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**Your attention is drawn to section headed Risk Factors of this document, beginning on page 17, which contains details of certain factors which should be taken into account when considering whether to purchase Shares.**

Subject as set out below, the Company and the Directors, accepts responsibility for the information contained in this Listing Document and to the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case) the information contained in the Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the admission of the Shares to the Official List nor the approval of the Listing Document pursuant to the listing requirements of TISEA shall constitute a warranty or representation by TISEA as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of the information contained in the Listing Document or the suitability of the Company for investment or any other purpose.

In the UK this Listing Document is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “FPO”), (ii) high net-worth companies, unincorporated associations and other persons and bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. It has not been approved by the Financial Conduct Authority as a prospectus under the Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000 and it may not be distributed in the UK, save to the limited number of people to whom it will be sent directly by the Company.

The Shares have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission ("SEC") or by the securities regulatory authority of any state or other jurisdiction, and neither the SEC nor any such authority has passed opinion upon the accuracy or determine the adequacy of this Listing Document nor is it intended that the SEC or any such authority will do so. Any representation to the contrary is a criminal offence.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, the Republic of South Africa, New Zealand or Australia (the Excluded Territories) and may not be sold, directly or indirectly, within the United States or the Excluded Territories or to any citizen, national or resident of the United States or the Excluded Territories.

If you are in any doubt about the contents of this Listing Document, you should consult a stockbroker, bank manager, solicitor accountant or other independent professional adviser who specialises in advising on the acquisition of such shares.

Where this document is being reviewed in the context of a purchase of Shares in the secondary market prospective investors are advised to examine all the risks that might be relevant in connection with an investment in Shares. Prospective investors should read the entirety of this document and, in particular, the section entitled Risk Factors of this document for a discussion of certain risks and other factors that should be considered in connection with any investment in the Shares.

Unless required to do so by law or regulation or by TISEA, the Company will not publish any supplementary prospectus or any other update to this document. Whilst the contents of this document are accurate at the date of this document they may no longer be accurate at any subsequent date and there may be changes in the business affairs of the Company or the Group subsequent to the date of this document.

Recipients of this document may not reproduce or distribute the document in whole or in part. Prior to making any decision as to whether to invest in the Shares as part of a secondary market transaction, prospective investors may consider whether they should take their own appropriate professional advice. In making any investment decision, each investor must rely on their own examination and analysis of the Company and the Shares, including the merits and risks involved. Your attention is drawn to the section of this document entitled Risk Factors.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised.

Neither the Company nor any of its representatives are making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

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## PRESENTATION OF INFORMATION

### 1. General

Investors should rely only on the information in this Listing Document. No person has been authorised to give any information or to make any representations other than those contained in this Listing Document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Ravenscroft. No representation or warranty, express or implied, is made by Ravenscroft as to the accuracy or completeness of such information, and nothing contained in this Listing Document is, or shall be relied upon as, a promise or representation by Ravenscroft or any selling agent as to the past, present or future. Neither the delivery of this Listing Document nor any sale made under this Listing Document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

The contents of this Listing Document are not to be construed as legal, business or tax advice. Each prospective investor should consult its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in Shares for an indefinite period of time.

This Listing Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Ravenscroft or any of their representatives that any recipient of this Listing Document should purchase any of the Shares.

Prior to making any decision as to whether to purchase any Shares, prospective investors should read the entirety of this Listing Document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this Listing Document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Listing Document, including the risks involved. Any decision to purchase Shares should be based solely on the Listing Document.

Investors who purchase Shares will be deemed to have acknowledged that: (i) they have not relied on Ravenscroft or any person affiliated with Ravenscroft in connection with any investigation of the accuracy of any information contained in this Listing Document for their investment decision; and (ii) they have relied only on the information contained in this Listing Document, and no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Listing Document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Ravenscroft.

None of the Company, the Directors, Ravenscroft or any of their representatives is making any representation to any purchaser of Shares regarding the legality of an investment by such purchaser.

In connection with the Listing and Subscription, Ravenscroft and any of its affiliates, acting as investors for their own accounts, may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Listing and Subscription or otherwise. Accordingly, references in this Listing Document to the Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Ravenscroft and any of

its affiliates acting as investors for their own accounts. Ravenscroft does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Ravenscroft and any of its respective affiliates may have engaged in transactions with and provided various stockbroking and other services to the Company, for which they would have received customary fees. Ravenscroft and any of its respective affiliates may provide such services to potential investors, the Company and any of their respective affiliates in the future.

## **2. Presentation of financial information**

The historical financial information included in Part IV of this Listing Document has been prepared in accordance with the requirements of the TISEA Listing Rules and in accordance with IFRS. The significant accounting policies are set out within Part IV of the audited accounts for William Armes and Bruce Starke.

## **3. Rounding**

Certain figures and percentages in this Listing Document have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

## **4. Currencies**

Unless otherwise indicated in this Listing Document, all references to:

- “pounds sterling” or “£” are to the lawful currency of the UK; and
- “euros” or “€” are the lawful currency of the European Union.

Unless otherwise indicated, the financial information contained in this Listing Document has been expressed in pounds sterling. For all members of the Group incorporated in the United Kingdom, the functional currency is pounds sterling and the Group presents its financial statements in pounds sterling.

## **5. Forward-looking statements**

Some of the statements in this document include forward looking statements which reflect the Directors’ current views with respect to financial performance, business strategy and plans and objectives for future operations (including development plans relating to the Group’s products and services) of the Group.

There are or will be important factors that could cause the Group’s actual results to differ materially from those indicated in forward looking statements. These factors include but are not limited to those described in the part of this document entitled Risk Factors, which should be read in conjunction with the rest of the document. Any forward looking statements are subject to these and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations and growth strategy. Past performance of the Group is no indication of the Group’s future performance.

These forward looking statements speak only as at the date of this document. Subject to any obligations under the TISEA Listing Rules, the Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise.

## **6. No incorporation of website information**

The contents of the Company’s website do not form part of this Listing Document and prospective investors should not rely on them.

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Paramjit Paul Singh Bassi ( <i>Independent Non-Executive Chairman</i> ) Anthony John Brewer ( <i>Chief Executive Officer</i> ) Roy Povey ( <i>Chief Financial Officer</i> ) Andrew James William Simpson ( <i>Non-Executive Director</i> )
<b>Secretary</b>	Roy Povey
<b>Registered Office</b>	Likewise Group PLC Church Field Road Sudbury Suffolk England CO10 2YA
<b>Counsel to the Company</b>	Gateley PLC One Eleven Edmund Street Birmingham B3 2HJ
<b>Counsel to the Company as to Guernsey law</b>	Carey Olsen (Guernsey) LLP PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
<b>Auditor and Reporting Accountant</b>	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH, UK
<b>Registrars</b>	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Bankers</b>	Barclays PLC 6 <sup>th</sup> Floor 1 Snowhill Birmingham B4 6GN
<b>Listing Sponsor and Market Maker</b>	Ravenscroft Limited PO Box 222 Level 5 The Market Buildings Fountain Street St Peter Port Guernsey GY1 4JG
<b>Financial advisor</b>	Zeus Capital Limited 82 King Street Manchester M2 4WQ

## LISTING STATISTICS

<b>Issue Price of Shares</b>	<b>10p</b>
<b>Existing Shares</b>	<b>50,000,000</b>
<b>Number of Issue Shares being issued on behalf of the Company as part of the Subscription</b>	<b>70,000,000</b>
<b>Issue Shares as a percentage of the total number of Shares in issue immediately following Admission</b>	<b>58.3%</b>
<b>Number of Shares in issue immediately following Admission</b>	<b>120,000,000</b>
<b>Market capitalisation of the Shares at the Issue Price<sup>(1)</sup></b>	<b>£12,000,000</b>
<b>ISIN of the Shares</b>	<b>GB00BHNWH003</b>
<b>LEI of the Company</b>	<b>2138007L822RL2CXMV34</b>
<b>TIDM</b>	<b>LIKE</b>

Notes:

(1) This is calculated on the basis of the aggregate number of Shares in issue immediately following Admission assuming that the maximum number of Issue Shares are issued.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Listing Document	9 January 2019
Subscription period opens	17 December 2018
Subscription period ends	9 January 2019
Admission and commencement of dealings in Shares	11 January 2019
CREST accounts credited (where applicable)	11 January 2019
Dispatch of definitive share certificates (where applicable) by	Within 10 business days of Admission

Each of the times and dates in the above timetable is subject to change. All references to time in this document are to Guernsey time unless the context provides otherwise.

## PART I

### INFORMATION ON THE GROUP

#### 1. Introduction

Likewise is a UK distributor of both domestic and commercial floorcoverings and matting. The Directors believe they have an opportunity to build a business of national scale and over time become a strong alternative to the current larger industry competitors within the sector.

To deliver on this strategy Likewise intends to utilise the expertise and industry knowledge of the Board, executive board and advisory board to deliver organic growth, operational leverage and where desirable execute strategic acquisitions.

Prior to listing on TISE, Likewise has acquired William Armes Limited and the trade and assets of Bruce Starke & Co Limited, both of which have been fully integrated into the Group.

The Directors are seeking Admission for the following reasons:

- to raise the Group's public profile and status;
- to provide the Group with access to capital markets;
- to enhance the Group's ability to attract and retain staff;
- to gain a potentially attractive acquisition currency, for use were any suitable acquisition opportunity to arise; and
- to provide existing shareholders with a market for their Shares.

The Group intends to raise net proceeds of £6.5 million through the Subscription, which will be used to provide working capital for growth and potential acquisitions.

#### 2. Business strategy and execution

The Directors believe value can be generated for shareholders, suppliers and consumers by creating a national supplier and distributor of UK floorcoverings as a competing alternative to current large companies in the industry.

To date, Likewise has acquired the entire share capital of William Armes Limited and the trade and assets of Bruce Starke & Co Limited which have been fully integrated into the Group.

##### **William Armes** – acquired in January 2018

A UK distributor and manufacturer of domestic doormats, rugs, runners, under the 'Dandy' brand name, and flooring for marquees mainly from its head office and purpose-built 70,000 sq. ft distribution centre, which is owned by the Group, in Sudbury, Suffolk.

##### **Bruce Starke** – trade and assets acquired in September 2018

A distributor of matting and flooring products, founded in 1899. The business operates from a leased site in Eye, Suffolk; comprising a 37,000 sq. ft purpose-built distribution centre and office space. Bruce Starke has particular expertise in coir matting; a coarse kind of matting, traditionally derived from coconut fibres. The Group has an option to purchase the property until 30 September 2019.

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

Likewise will not materially change its business strategy within three years of listing on TISE without the approval of a majority of shareholders.

## Management structure

Three separate boards have been established to deliver the Group's long-term strategy. Only the PLC board are statutory directors of Likewise.

**The PLC board** will be responsible for execution of the strategy and ensuring the Group meets the requirements expected of a listed business. This board comprises the following individuals each of whom has previous listed company experience and has a wealth of experience in the UK floorcoverings industry.

- |                                |                                    |
|--------------------------------|------------------------------------|
| - Paramjit Paul Singh Bassi    | Independent Non-Executive Chairman |
| - Anthony John Brewer          | Chief Executive Officer            |
| - Roy Povey                    | Chief Financial Officer            |
| - Andrew James William Simpson | Non-Executive Director             |

Paul Bassi is considered to be an independent Director. Following Admission, it is the intention of the Board that a second independent Non-Executive Director will be added to the PLC 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 three individuals in total, all have a wealth of experience in the UK floorcoverings market. The composition of the executive board is:

- Adrian Laffey
- James Kellett
- Martin West LISM

**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. The advisory board comprises:

- Andrew Woodhouse
- Geoff Duggan FCIS FCMA
- Keith Yates
- Paul Wiseman
- Stuart Large

Details of management and their track records are set out in detail in Part II.

## 3. Market and Competition

Currently, the UK floorcoverings market, covering residential and commercial, is worth £2 billion.

Currently c.30 per cent. of the market is accounted for by a large industry competitor, with national multiple retailers, regionally focused independent retailers and flooring contractors making up the remaining c.70 per cent.

The Directors believe that, through a number of industry and macro factors, the market will polarise towards larger competitors, and that the Group can be well positioned to benefit from this trend.

The floor covering market is made up of manufacturers, distributors, retailers and installers. It is the strategy of the Group to consolidate the distribution section of the market to gain national scale and provide a channel for UK and overseas manufacturers amongst other benefits.

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.

#### 4. Financial Information

Part IV of this Listing Document contains audited historical financial information of the Group for the three years ended 31 December 2017.

The following financial information has been derived from the financial information contained in Part IV of this Listing Document and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information.

##### Likewise Group plc

	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Year</i>	<i>Year</i>	<i>Year</i>	<i>6 month</i>
	<i>Ended</i>	<i>Ended</i>	<i>Ended</i>	<i>Period</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	N/A	N/A	N/A	52
Gross Profit	N/A	N/A	N/A	52
EBITDA	N/A	N/A	N/A	(81)
Operating Profit	N/A	N/A	N/A	(81)
Taxation	N/A	N/A	N/A	–
Profit after tax	N/A	N/A	N/A	(120)

##### William Armes Group

	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Year</i>	<i>Year</i>	<i>Year</i>	<i>6 month</i>
	<i>Ended</i>	<i>Ended</i>	<i>Ended</i>	<i>Period</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	4,097	3,717	3,503	1,766
Gross Profit	1,901	1,887	1,794	679
EBITDA	457	145	374	(55)
Operating Profit	408	96	357	(92)
Taxation	(7)	21	(100)	–
Profit after tax	375	67	220	(126)

##### Bruce Starke

	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Year</i>	<i>Year</i>	<i>Year</i>	<i>6 month</i>
	<i>Ended</i>	<i>Ended</i>	<i>Ended</i>	<i>Period</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	2,752	2,900	3,041	1,563
Gross Profit	839	861	830	442
EBITDA	175	209	112	100
Operating Profit	137	171	74	82
Taxation	(32)	(42)	(3)	–
Profit after tax	105	129	71	83

With regards to stock in William Armes and Bruce Starke, the carrying amounts as at 31 December 2017, 2016 and 2015 respectively, the audit evidence available to Crowe was limited because they did not observe the counting of the physical stock as at 31 December 2017, 2016 and 2015, since those date were prior to their appointment as auditor of the companies.

The Group does not have any debt securities outstanding, nor does it intend to issue any on Admission.

The Group has outstanding deferred consideration of £357,782 payable on 31 March 2019 for the acquisition of the Bruce Starke business.

The Group has a loan facility with Barclays Bank plc which is secured and is also guaranteed by each Group Company.

The Group also has a confidential invoice discount facility with Barclays Bank plc which is also secured.

As at 31 October 2018, the indebtedness of the Company, derived from the audited re-registration accounts of the Company, is summarised below:

	<i>Company</i> £'000
<b>Total current debt</b>	
Guaranteed	202
Secured	–
Unguaranteed/Unsecured	–
	<hr/> 202
<b>Total non-current debt</b>	
Guaranteed	2,069
Secured	–
Unguaranteed/Unsecured	–
	<hr/> 2,069

Except as detailed above, at the time of Admission the Group will have no other borrowings or indebtedness (other than normal trade bills) or acceptance credits or hire purchase commitments.

## **5. Current Trading and Prospects**

The Company has traded in line with expectations in the period since the last financial year ended 31 December 2017.

## **6. Acquisitions**

In line with its strategy, the Company is currently in negotiations for the potential acquisition of two separate businesses (Project A and Project B) which will be complementary to the existing Group and, in the view of the Directors, will enable the Group to enhance its operations and potentially its profitability.

### ***Project A***

This would be a c.€1.0m acquisition of the entire issued share capital of a floorcoverings distribution company based in Western Europe. Negotiations are at an early stage and subject to due diligence and legal documentation.

Based on the financial information currently available, Project A would not be deemed to be a substantial transaction under the TISEA Listing Rules. The Directors believe that the information about Project A contained herein is as full, accurate and complete as they are able to present, given legal and commercial considerations, to enable potential investors to make a properly informed assessment of the Company and of the Shares. Should the acquisition of Project A complete following Admission, the Company will announce this to the market via the TISE website.

No Director nor any Substantial Shareholder, nor any Associate of either of them, has an interest in Project A.

### ***Project B***

This would be a c.£1.2m acquisition of the entire issued share capital of a floorcovering distribution company based in the United Kingdom. Outline heads of terms are currently under negotiation by the parties and therefore the Company cannot disclose the commercial terms of the deal at this stage.

Based on the financial information currently available, Project B would be deemed to be a substantial transaction under the TISEA Listing Rules. The Directors believe that the information about Project B contained herein is as full, accurate and complete as they are able to present, given legal and commercial considerations, to enable potential investors to make a properly informed assessment of the Company and of the Shares. The Directors do not intend to issue a shareholder circular or call a general meeting to consider the potential acquisition if and when it is ready to complete. However, the Company will make public announcements via the TISE website as and when it is able to disclose further information about Project B, up to and including potential completion.

No Director nor any Substantial Shareholder, nor any Associate of either of them, has an interest in Project B.

The confidential nature of the negotiations and commercial sensitivities in respect of both Project A and Project B prevents the Company from disclosing further details at this stage. While the Directors believe these acquisitions, if agreed, could be completed soon after Admission, there is no guarantee that negotiations will ultimately prove successful.

## **7. Dividend policy**

The Directors intend to re-invest a significant portion of the Company's earnings to facilitate plans for further growth. Accordingly, whilst the Directors do not expect to declare any dividend in respect of the financial year ended on 31 December 2018, it is the Board's intention, should the Group generate a sustained level of distributable profits, to consider a progressive dividend policy in future years.

Declaration of dividends will always remain subject to all applicable legal and regulatory requirements and recommendations of final dividends and payments of interim dividends will be at the discretion of the Board. The Board will not exercise such discretion where it is not commercially prudent to do so taking into account the policy set out above.

Whilst the Board considers dividends as the primary method of returning capital to shareholders, it may, at its discretion, consider share purchases, when advantageous to shareholders and where permissible.

The Company may revise its dividend policy from time to time.

## **8. Corporate Governance**

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 apply the QCA Corporate Governance Code, as far as they consider appropriate for a company of the Company's size and nature.

Immediately following Admission, the Board will comprise four directors, two of whom shall be executive directors and two of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. Paul Bassi is considered independent.

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.

## **9. Employee incentive arrangements**

In order to align the interests of shareholders and employees following Admission, the Company has adopted the schemes referred to in more detail in paragraph 9 of Part V of this Document.

## **10. Subscription and Other Shareholder Lock-Ins**

### ***The Subscription***

The Company is proposing to raise a total of approximately £7.0 million by way of an issue by the Company of the Issue Shares, at the Issue Price.

The Issue Shares will represent approximately 58.3 per cent. of the Enlarged Share Capital at Admission.

Each of the Directors, who will hold Shares following Admission, have undertaken, pursuant to the Lock-in Agreements:

- for a period of 12 months from Admission, not to dispose of any of the Shares in which they are interested at Admission, except with the permission of the Company and Zeus Capital; and
- for a further period of 12 months, to comply with certain requirements designed to maintain an orderly market in the Shares.

The Subscription is not underwritten and is conditional, *inter alia*, on Admission occurring no later than 11 January 2019 (or such later date as the Company may agree, being no later than 8 February 2019).

The Issue Shares being subscribed for pursuant to the Subscription will, on Admission, rank *pari passu* in all respects with the Existing Shares in issue and will participate in full for all dividends and other distributions thereafter declared, made or paid on the Share capital of the Company. The Issue Shares will, immediately on and from Admission, be freely transferable.

The Directors have entered into Lock-in Agreements with effect from Admission. Further details of these Lock-in Agreements are set out in paragraph 7 of Part V of this Document.

Further details of the Subscription are set out in the appendices of this Document.

## **11. Use of Proceeds**

The gross proceeds of the Subscription will be used to fund:

- Future acquisitions;
- Additional working capital for the Group; and
- Fees associated with the Subscription and Admission.

In addition to enabling the Subscription, the Directors believe that Admission will provide the Group with increased reputation and profile.

## **12. Admission**

Application has been made to TISEA for both the Existing Shares and the Issue Shares to be admitted to trading on the Official List of TISEA. Admission is expected to take place and dealings in the Shares are expected to commence at 8.00 a.m. on 11 January 2019. The Shares are in registered form and will be capable of being held in certificated form and in CREST.

### **13. Interests in Shares**

Upon Admission, the Directors will in aggregate be interested in, directly and indirectly, 47,357,500 Shares representing approximately 39.5 per cent. of the Enlarged Share Capital. Further information is available in paragraph 5 of Part V of this Document.

### **14. Applicability of The Takeover Code**

The Takeover Code is issued and administered by The Panel on Takeovers and Mergers (the “**Takeover Panel**”). The Company is subject to the Takeover Code and therefore its Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code when (i) a person acquires an interest in shares which (taken together with shares he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then, in either case, that person, together with the person acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights, unless the Company has obtained the approval of over 50 per cent. of its independent Shareholders in advance of such increase. As at the date of this document, the Company regards all of its existing shareholders as acting in concert for this purpose.

### **15. Subsidiaries**

Likewise owns and upon Admission will own the following subsidiaries, each of which is wholly owned unless otherwise stated:

- Likewise Trading Limited (which holds the business and assets of the Bruce Starke business);
- William Armes Holdings Limited; and
- William Armes Limited.

### **16. Taxation**

The attention of investors is drawn to the information regarding taxation set out in paragraph 8 of Part V, of this Listing Document. The information is intended only as a general guide to the current tax position under United Kingdom taxation law for certain types of investor.

**Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than United Kingdom are strongly advised to consult their professional advisers.**

### **17. Shareholder fees**

No fee shall be charged by the Company for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to or registration of any Share.

A transfer may incur stamp duty, other taxes, administrative fees and potentially brokerage fees. **Shareholders are advised to consult their professional advisers if in any doubt.**

### **18. Risk Factors**

Your attention is drawn to the risk factors set out in Part III of this Document and to the section entitled “Forward Looking Statements” in Presentation of Information, paragraph 5. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

## PART II

### MANAGEMENT

#### 1. Directors and senior management

The Group has brought together a team of experienced professionals who have a wealth of experience in the floorcoverings market.

##### (a) **PLC Board**

The Board comprises two executive directors, a non-executive chairman and a non-executive director.

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Paul Bassi	Independent Non-Executive Chairman	17 December 2018
Anthony Brewer	Chief Executive Officer	27 February 2018
Roy Povey	Chief Financial Officer	17 December 2018
Andrew Simpson	Non-Executive Director	27 February 2018

Brief biographies of the Directors and members of senior management are set out below:

##### **Paramjit Paul Singh Bassi CBE DL D.UNV, 56, Independent Non-Executive Chairman**

CEO of Real Estate Investors PLC, the Birmingham based quoted Real Estate Investment Trust (REIT). Also founder and non-executive Chairman of Bond Wolfe (founded in 1983) and formerly non-executive Chairman and major shareholder of CP Bigwood Chartered Surveyors. Paul served as President of the Birmingham Chamber of Commerce and was formerly the Regional Chairman & Strategy Advisor to Coutts Bank (West Midlands) and former Director of the Birmingham Hippodrome. Appointed High Sheriff for the County of West Midlands in 2009 and has received Honorary Doctorates from both Birmingham City and Aston University. Paul continues to support the community via the Bond Wolfe Charitable Trust, and in 2017, Paul founded the Sandwell Valley School, providing education and training programmes for vulnerable young people. The school has proved an enormous success. In 2018, Paul was awarded the title of 'Ambassador of the Year' for the West Midlands at the Business Desk Business Masters Awards.

##### **Anthony John Brewer, 58, Chief Executive Officer**

41 years' experience within flooring, gaining extensive industry knowledge and supplier relationships. Joined Headlam in 1991 as Managing Director of their Flooring Division and Main Board Director. Headlam Chief Executive from 2000 until 2016. Recently appointed Chief Executive of Likewise, principally responsible for strategy, acquisitions, supplier and investor relations.

##### **Roy Povey FCCA, 52, Chief Financial Officer**

Financial Controller with 18 years' experience in the flooring industry and 6 years as Financial Director within the home improvement industry. Working as Financial Controller and as part of the senior management teams in Headlam Coleshill and Tamworth, he has successfully integrated several newly acquired business both financially and operationally. In acknowledgement of his operational experience he was appointed as General Manager at Mercado before joining Likewise.

##### **Andrew James William Simpson, 66, Non-Executive Director**

Following many years' experience in the flooring industry, Andrew joined Headlam in 1991. He retired in 2010 after 37 years gaining immense knowledge and experience working with suppliers, customers and employees.

##### (b) **Executive Board**

###### **Adrian Laffey, 47**

30 years' experience in the flooring industry, from retail to distribution. Joined Mercado in 1993 as a Sales Representative progressing to Buying Director and latterly Joint Managing Director, with responsibility for the four businesses operating from the Mercado site. Recently promoted to be

responsible for all aspects of Headlam's flagship distribution centre in Tamworth before joining Likewise. Global supplier relationships across all types of flooring products with considerable industry knowledge.

**James Kellett, 46**

28 years flooring industry experience, starting on the trade counter working through the business to sales, stock control then 15 years as commercial buying director for the Mercado group of companies within Headlam, latterly joint managing director. James has strong supplier and customer relations across the commercial and luxury vinyl tile flooring sectors.

**Martin West LISM, 54**

31 years' experience in the flooring industry, active in sales, marketing, sales management and product development. In 2014 qualified as a leader in the Institute of Sales Management. Martin joined William Armes as Managing Director in May 2018, having previously worked for Headlam for 17 years, rising to the position of Commercial Director responsible for specialist residential businesses and Lifestyle Floors, their flagship brand. Martin has responsibility for the 'specialised' businesses.

(c) **Advisory Board**

**Andrew Woodhouse, 53**

36 years' experience within retailing and distribution, 22 specifically within the domestic floorcoverings market. Previously Managing Director of Headlam subsidiary, National Carpets, for 16 years, responsible for developing and maintaining business with many National Retailers including B&Q, Next, B&M Tesco & The Range. Huge experience in worldwide product sourcing and development of residential flooring.

**Geoff Duggan FCIS FCMA, 57**

Geoff retired in 2017, with 30 years' experience as a Company Secretary for listed companies, most recently Headlam, from 1998 to 2017, where in addition to board and secretarial matters, he was responsible for Headlam property, human resources, health & safety, pensions, payroll, legal and regulatory compliance and insurance.

**Keith Yates, 62**

Keith has 32 years in the flooring trade, 20 of those as Managing Director of Mercado. Extensive IT and logistics experience, originally from an accountancy background. Served on the operational board of Headlam for over 15 years, leading the integration of many acquired business. Specific responsibilities for IT, logistics and integration of acquisitions within Likewise.

**Paul Wiseman, 55**

Recently retired having worked for 37 years in the flooring industry within the commercial sector having been Managing Director of JHS for over 25 years. JHS was acquired by the Headlam Group in 1999 and subsequently moved to its current location at the flagship distribution centre in Tamworth. Paul was the senior manager at this business and responsible for the running of a number of Headlam's specialist contract businesses.

**Stuart Large, 75**

Nearly 50 years working in the flooring industry. Stuart started in 1970 working for Armstrong World Industries, in the USA. He spent over 30 years with Armstrong and worked in various management positions in the UK, Hong Kong, Russia and Australia. In 1990 Stuart became responsible initially for floor operations outside of the USA and subsequently in mid 1990's joined one of three members of Armstrong's global flooring management team. Since 2003, Stuart has worked with many leading flooring companies as an advisor for strategy and acquisitions.

**2. Share Dealing**

The Directors will comply with TISEA's Model Code for Security Transactions by Persons Discharging Managerial Responsibilities in respect of Issuers and will take all reasonable and proper steps to ensure compliance by applicable employees as required by the TISEA Listing Rules.

## PART III

### RISK FACTORS

**Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below.**

**Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.**

**It should be noted that the risks described below are not the only risks faced by the Company and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.**

**If any of the events described in the following risks actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Shares could decline and investors could lose all or part of their investment.**

#### **Specific Risks to the Company's Business**

##### ***Business strategy and acquisitions***

The value of an investment in the Company is dependent, *inter alia*, upon the Company achieving the aims set out in this Document and in particular its acquisitions strategy. Acquisition targets might not be available at valuations acceptable to the Company (or at all) and/or the mergers and acquisitions market might be less conducive in the future to acquisitions in general. That said, the Group's two distribution centres could be utilised for other flooring products rather than mats and rugs if required. Although the Company has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Company will achieve the level of success that the Directors expect. Furthermore, the Company may decide to change aspects of its strategy described in this Document.

The Company's ability to implement its business strategy successfully may be adversely impacted by factors that the Company cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Company could be negatively impacted.

##### ***Ability to recruit and retain skilled personnel***

The Company believes that it has the appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Company. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentive structures lacking, may have a detrimental effect upon the trading performance of the Company. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

##### ***Financial controls and internal reporting procedures***

The Company's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain,

expand and upgrade effective operational, financial and management information systems and internal controls in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

#### ***Disruption to operations or systems***

The Company depends on the performance, reliability and availability of its information technology systems. Any damage to, or failure of, its systems could result in disruption to the Company's operations. The Company's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part or damage that it suffers fully or at all, which could have a materially adverse effect on the Company's business, financial condition and results of operations.

#### ***The Company's insurance policies may be inadequate to cover the cost of claims made against the Company***

While the Company maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Company's insurance coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position.

The Company's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Company's insurance policies. Any of the foregoing could have a material adverse effect on the Company's operating results, business prospects and financial condition.

#### ***Exposure to exchange rate fluctuations***

The Company is exposed to exchange rate fluctuations, principally the GBP, the US\$, the Euro and other. Changes in foreign currency exchange rates may affect the Company's pricing of products sold and materials purchased in foreign currencies.

The Directors believe that the Company's use of certain derivative financial instruments, including foreign currency forward contracts used to hedge sale commitments denominated in foreign currencies, reduces the Company's exposure to this risk.

#### ***Borrowing and Interest Rate Risk***

The Company has taken out various borrowings from the Company's Bankers. The facilities are subject to covenant tests and the interest rate payable is linked to the Bank of England Base Rate. In addition, in the event that the Group's profit falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net profit of the Group.

The Group pays interest on its borrowings. As such, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may adversely affect the interest payable on the Group's variable rate borrowings. In the event that interest rate movements raise the interest required to be paid by the Group, returns to investors will be reduced.

Although the Company is not currently in breach of any covenants set forth in any agreements related to its debt facilities, if in future the Group were to experience the occurrence of events of default or breaches of financial or performance covenants under its financing arrangements, this could result in the amortisation, default and/or acceleration of such facilities and could reduce or terminate the Group's access to institutional funding. If such an event were to occur, it would have a material adverse effect on its business, financial condition, operating results and cash flow. Any amounts that are advanced under a bank or other debt facility will rank ahead of Shareholders' entitlements and, accordingly, Shareholders may not recover their initial investment in some circumstances.

## **General Risks relating to the Company**

### ***The Company is reliant on key executives and personnel***

The Company's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Company's personnel help provide the Company with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Company.

### ***The UK's decision to leave the European Union may have an adverse effect on the Company's ability to access European markets***

The UK held a referendum on its membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. Following this vote, on 29 March 2017, the UK Government triggered Article 50 of the Lisbon Treaty to commence the process of the UK leaving the European Union. The political, economic, legal and social consequences, the exact timing of the UK's exit from the European Union, as well as the potential ultimate outcome of any agreement between the UK and the European Union, remain uncertain as at the date of this Document.

Such potentially prolonged uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Company's access to European markets which in turn could have a negative impact on the Company's business, financial position and/or results of operations.

### ***Exposure to economic cycle***

Market conditions may affect the value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Company may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

### ***Future funding risk***

Likewise's longer-term capital requirements will depend on many factors, including, but not limited to, revenue from operations, working capital requirements and capital expenditure. To the extent that the existing resources are insufficient to fund further expansion or potential acquisitions, the Company may need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, the terms of such financing will be favourable to the Company or its Shareholders. If, in the longer-term, the Company raises additional funds by issuing more Shares in the Company the ownership interest of Shareholders could be significantly diluted, and any additional issues may be of instruments that have rights, preferences or privileges senior to the rights currently assigned to the Shares.

### ***Counterparty credit risk***

There is a risk that parties with whom the Company trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Company trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Company.

### ***Force majeure events***

There is a risk that the markets in which the Company currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Company, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

### ***Laws and regulations***

The Company is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted, or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Company's activities or services. In addition, the Company may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Company also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks therefore also applying in relation to such overseas existing and future legislation and regulation.

### **General risks relating to the Shares**

#### ***Suitability of the Shares***

Investment in the Shares may not be suitable for all readers of this Document. Readers are accordingly advised to consult a person duly authorised under the FSMA who specialises in investments of this nature before making any investment decisions.

#### ***Volatility in the prices of Shares***

The Issue Price may not be indicative of the market price for the Shares following Admission.

The subsequent market price of the Shares may be subject to wide fluctuations in response to a number of events and factors that are unrelated to Company's operating performance such as variations in operating results, changes in financial estimates, recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, market perceptions of the Company, new reports relating to trends in the Company's markets, large purchases or sales of Shares, liquidity (or absence of liquidity) in the Shares, currency fluctuations, legislative or regulatory changes, national and global economic conditions and various other factors and events. These fluctuations may adversely affect the trading price of the Shares, regardless of the Company's performance.

The price at which the Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some not specific to the Company and its operations. Furthermore, there is no guarantee that the market price of a Share will accurately reflect its underlying value.

#### ***No prior trading market for Shares***

Prior to Admission, there was no public market for the Shares. Admission to trading on TISE should not be taken as implying that a liquid market for the Shares will either develop or be sustained following Admission. The Company cannot predict the extent to which investor interest in the Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Shares that are publicly held by unrelated parties. If a liquid trading market for the Shares does not develop, the price of Shares may become more volatile and it may be more difficult to complete a buy or sell order for Shares.

#### ***Future issues of Shares may result in dilution of existing Shareholders***

Whilst it has no current plan to do so, the Company may decide to issue additional Shares in the future in subsequent public offerings or private placements to fund expansion and development. If existing Shareholders do not subscribe for additional Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Shares may be on more favourable terms than the Issue Shares. The issue of additional Shares by the Company, or the possibility of such issue, may cause the market price of the Shares to decline and may make it more difficult for Shareholders to sell Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Shares at a price which is equal to or in excess of the Issue Price.

### ***Future performance of the Company cannot be guaranteed***

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this Document. The financial operations of the Company may be adversely affected by general economic conditions or by the particular financial condition of other parties doing business with the Company.

### ***There is no guarantee that the Company will maintain its quotation on TISE***

The Company cannot assure investors that the Company will always retain a quotation on TISE or any other public market. If the Company fails to do so, certain investors may decide to sell their Shares, which could have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to TISE or as an alternative, this may affect the liquidity of the Shares traded on TISE.

### ***Share price effect of sales of Shares***

The market price of Shares could decline significantly as a result of any sales of Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in paragraph 7 of Part V of this Document, or the expectation or belief that such sales of Shares may occur.

### ***Conditionality of the Subscription***

The Subscription is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission (and therefore the Subscription) will not occur.

### ***Legislation and tax status***

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### ***Taxation***

The attention of potential investors is drawn to paragraph 8 of Part V of this Document headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life. Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Shares.

### ***Dividends***

The Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within the Company. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any change in the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividend distribution. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends. In addition, the Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions including foreign exchange limitations, and regulatory, fiscal and other restrictions.

## PART IV

### SECTION 1 – UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF WILLIAM ARMES HOLDINGS LIMITED

#### Consolidated Statement of comprehensive income

The consolidated statements of comprehensive income of William Armes Holdings for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 is set out below:

		<i>Unaudited Six months ended 30 Jun 2018</i>	<i>Unaudited Six months ended 30 Jun 2017</i>
	<i>Notes</i>	£	£
<b>Revenue</b>	5	1,766,049	1,856,331
Cost of Sales		(1,087,504)	(1,100,315)
<b>Gross profit</b>		678,546	756,016
Other income		8,018	8,479
Distribution costs		(97,278)	(98,938)
Administrative expenses		(681,634)	(605,423)
<b>Operating profit/(loss)</b>		(92,349)	60,134
Finance costs		(33,723)	(20,472)
<b>Profit/(loss) for the financial year</b>		<u>(126,072)</u>	<u>39,662</u>
<b>Total comprehensive income/(expense) for the financial year</b>		<u>(126,072)</u>	<u>39,662</u>
<b>Profit/(loss) for the financial year attributable to:</b>			
The company's equity shareholders		<u>(126,072)</u>	<u>39,662</u>
Basic earnings/(loss) per share	7	<u>(0.69)</u>	<u>0.22</u>
Diluted earnings/(loss) per share	7	<u>(0.69)</u>	<u>0.22</u>

## Consolidated Statement of financial position

The consolidated statements of financial position of William Armes Holdings as at 30 June 2018 and 31 December 2017 are set out below:

		<i>Unaudited</i>	<i>Audited</i>
		<i>30 June 2018</i>	<i>31 December 2017</i>
	<i>Notes</i>	<i>2018</i>	<i>2017</i>
		<i>£</i>	<i>£</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant, property & equipment	8	3,740,066	3,777,776
		<u>3,740,066</u>	<u>3,777,776</u>
<b>Current assets</b>			
Inventories	9	975,337	1,093,012
Trade and other receivables	10	378,315	672,418
Cash and cash equivalents	11	364,356	189,128
		<u>1,718,008</u>	<u>1,954,558</u>
<b>Current liabilities</b>			
Trade and other payables	12	(1,263,695)	(1,369,090)
		<u>(1,263,695)</u>	<u>(1,369,090)</u>
<b>Net current assets</b>			
		<u>454,313</u>	<u>585,468</u>
<b>Total assets less current liabilities</b>			
Pension liability		4,194,379	4,363,244
Deferred tax liability		(10,000)	(10,000)
		<u>(85,891)</u>	<u>(85,891)</u>
		<u>(95,891)</u>	<u>(95,891)</u>
<b>Net assets</b>			
		<u>4,098,488</u>	<u>4,267,353</u>
<b>Equity</b>			
Share capital	13	182,800	182,800
Retained earnings		2,811,274	2,980,139
Revaluation reserve		1,104,414	1,104,414
		<u>4,098,488</u>	<u>4,267,353</u>
<b>Total equity</b>			
		<u>4,098,488</u>	<u>4,267,353</u>

## Consolidated Statement of changes in equity

The consolidated statements of changes in equity of William Armes Holdings for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation Reserve</i>	<i>Total</i> £
<b>Balance at 1 January 2017 Unaudited</b>	182,800	2,690,144	109,172	2,982,116
Profit for the year	–	39,662	–	39,662
<b>Total comprehensive income for the period</b>	–	39,662	–	39,662
<b>Balance at 30 June 2017 Unaudited</b>	<u>182,800</u>	<u>2,724,806</u>	<u>109,172</u>	<u>2,912,606</u>

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation Reserve</i>	<i>Total</i> £
<b>Balance at 1 July 2017 Unaudited</b>	182,800	2,729,806	109,172	3,021,778
Profit for the year	–	180,008	–	180,008
Revaluation in year	–	–	1,125,514	1,125,514
Dividends	–	(40,947)	–	(40,947)
Actuarial gains/(losses)	–	(19,000)	–	(19,000)
Transfer to profit and loss account	–	130,272	(130,272)	–
<b>Total comprehensive income for the year</b>	–	250,333	995,242	1,245,575
<b>Balance at 31 December 2017 Audited</b>	<u>182,800</u>	<u>2,980,139</u>	<u>1,104,414</u>	<u>4,267,353</u>

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation Reserve</i>	<i>Total</i> £
<b>Balance at 1 January 2018 Audited</b>	182,800	2,980,139	1,104,414	4,267,353
Profit for the year	–	(126,072)	–	(126,072)
Dividends	–	(42,793)	–	(42,793)
<b>Total comprehensive loss for the year</b>	–	(168,865)	–	(168,865)
<b>Balance at 30 June 2018 Unaudited</b>	<u>182,800</u>	<u>2,811,274</u>	<u>1,104,414</u>	<u>4,098,488</u>

## Consolidated statement of cash flows

The consolidated statements of cash flows of William Armes Holdings for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 Jun</i> <i>2018</i> £	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 Jun</i> <i>2017</i> £
<b>Cash flows from operating activities</b>		
Loss/(Profit) before tax for the year	(126,072)	39,662
Adjustments for:		
Finance costs	33,723	20,472
Depreciation	37,710	7,450
Taxation paid	40,074	–
(Increase)/decrease in inventory	117,675	71,220
(Increase)/decrease in trade and other receivables	254,029	156,003
(Decrease)/increase in trade and other payables	916,240	(281,433)
Employer pension contributions	–	(596,800)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>1,273,379</u>	<u>(583,426)</u>
<b>Cash flow from investing activities</b>		
Purchase of plant, property & equipment	–	(19,913)
Proceeds from sale of investment fund	–	596,800
<b>Net cash used in investing activities</b>	<u>–</u>	<u>576,887</u>
<b>Net cash flow from financing activities</b>		
Interest payable	(33,723)	(20,472)
Dividend paid	(42,793)	–
Cash advances re loans and other borrowings	(972,190)	66,087
<b>Net cash inflow/(outflow) from financing activities</b>	<u>(1,048,706)</u>	<u>45,615</u>
<b>Net increase in cash and cash equivalents</b>	224,673	39,076
Cash and cash equivalents at the beginning of financial period	139,383	377,431
<b>Cash and cash equivalents at end of financial period</b>	<u>364,056</u>	<u>416,507</u>
<b>Comprising</b>		
Cash at bank	11 364,356	416,507

## Notes to the interim financial information

### 1 General information

The company is a private company limited by shares, registered in England and Wales. The registered company number is 06967132 and the address of the registered office is Churchfield Road, Sudbury, Suffolk, CO10 2YA.

The principal activity of the group is that of the manufacture and sale of floorcoverings and factoring of allied products.

### 2 Presentational currency

The financial information has been presented in Sterling (“£”) the group’s presentational currency. The functional currency of the group is Sterling (“£”).

### 3 Significant accounting policies, judgements and key sources of estimation uncertainty

The interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union (“EU”).

This unaudited interim financial information is prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value.

The principal accounting policies adopted in the preparation of the historical financial information are as set out in Section 4 of Part IV. The policies have been consistently applied to all the years presented.

### 4 Going concern

This historical financial information relating to the company has been prepared on the going concern basis. The directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing the company’s historical financial information.

### 5 Segmental reporting

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and assess their performance.

#### Geographical segments:

The company generates revenue from the UK as detailed below:

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
UK	1,738,442	1,856,331
Non-UK	27,608	–
	<u>1,766,049</u>	<u>1,856,331</u>

The UK is the company’s only operating segment.

The company’s only operating segment is for the sale of mats.

## 6 Operating profit

Operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	37,710	7,450
Difference on foreign exchange	4,521	(12,910)

## 7 Earnings per share

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

	<i>Six months ended 30 Jun 2018</i>	<i>Six months ended 30 Jun 2017</i>
	£	£
Earnings/(loss) attributable to equity holders of the company	<u>(126,072)</u>	<u>39,662</u>
	<i>Six months ended 30 Jun 2018</i>	<i>Six months ended 30 Jun 2017</i>
	No.	No.
Weighted average number of shares in issue	<u>182,800</u>	<u>182,800</u>
	<i>Six months ended 30 Jun 2018</i>	<i>Six months ended 30 Jun 2017</i>
	£	£
Basic earnings/(loss) per share	<u>(0.69)</u>	<u>0.22</u>
Diluted earnings/(loss) per share	<u>(0.69)</u>	<u>0.22</u>

There are no potentially dilutive ordinary shares and therefore the basic earnings per share equals diluted earnings/(loss) per share.

## 8 Tangible fixed assets

	<i>Freehold Property</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Total</i>
<b>Cost</b>				
At 1 January 2017	2,450,000	308,521	93,637	2,852,158
Additions	–	17,511	2,402	19,913
Disposals	–	–	–	–
<b>At 30 June 2017</b>	<u>2,450,000</u>	<u>326,032</u>	<u>96,039</u>	<u>2,872,071</u>
Additions	–	8,318	–	8,318
Disposals	–	–	–	–
Revaluation	1,275,000	–	–	1,275,000
<b>At 31 December 2017</b>	<u>3,725,000</u>	<u>334,350</u>	<u>96,039</u>	<u>4,155,389</u>
Additions	–	–	–	–
Disposals	–	–	–	–
<b>At 30 June 2018</b>	<u><u>3,725,000</u></u>	<u><u>334,350</u></u>	<u><u>96,039</u></u>	<u><u>4,155,389</u></u>
<b>Depreciation</b>				
<b>At 1 January 2017</b>	70,514	294,345	66,728	431,587
Charge for the six month period	–	1,462	5,988	7,450
Disposals	–	–	–	–
<b>At 30 June 2017</b>	<u>70,514</u>	<u>295,807</u>	<u>72,716</u>	<u>439,037</u>
Charge for the six month period	–	2,790	6,300	9,090
Disposals	–	–	–	–
Revaluation	(70,514)	–	–	(70,514)
<b>At 31 December 2017</b>	<u>–</u>	<u>298,597</u>	<u>79,016</u>	<u>377,613</u>
Charge for the six month period	30,379	2,891	4,440	37,710
Disposals	–	–	–	–
<b>As 30 June 2018</b>	<u><u>30,379</u></u>	<u><u>301,488</u></u>	<u><u>83,456</u></u>	<u><u>415,323</u></u>
<b>Net book value</b>				
At 1 January 2017	<u>2,379,486</u>	<u>14,176</u>	<u>26,909</u>	<u>2,420,571</u>
At 30 June 2017	<u>2,379,486</u>	<u>30,225</u>	<u>23,323</u>	<u>2,433,034</u>
At 31 December 2017	<u>3,725,000</u>	<u>35,753</u>	<u>17,023</u>	<u>3,777,776</u>
At 30 June 2018	<u><u>3,694,621</u></u>	<u><u>32,862</u></u>	<u><u>12,583</u></u>	<u><u>3,740,066</u></u>

## 9 Inventories

	<i>30 Jun 2018 £</i>	<i>31 Dec 2017 £</i>
Finished goods and goods for resale	<u>975,337</u>	<u>1,093,012</u>
	<u><u>975,337</u></u>	<u><u>1,093,012</u></u>

## 10 Trade and other receivables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Trade receivables	295,548	533,754
Other receivables	32,411	1,130
Prepayments	1,591	48,695
Deferred tax asset	48,765	88,839
	<u>378,315</u>	<u>672,418</u>

## 11 Cash and cash equivalents

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Cash at bank	364,055	189,128
Cash in hand	302	–
	<u>364,356</u>	<u>189,128</u>

## 12 Trade and other payables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Bank loan and overdraft	–	1,021,935
Trade payables	204,586	177,447
Corporation tax	–	–
Other taxation and social security	114,621	119,682
Other payables	981,870	40,074
Accruals	2,691	50,026
	<u>1,303,769</u>	<u>1,409,164</u>

## 13 Share capital

### *Issued, called up and fully paid*

	<i>30 Jun</i> 2018 No.	<i>31 Dec</i> 2017 No.
Shares of £1 each	<u>182,800</u>	<u>182,800</u>

## 14 Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.

## PART IV

### SECTION 2 – UNAUDITED INTERIM FINANCIAL INFORMATION OF BRUCE STARKE & CO. LIMITED

#### Statement of comprehensive income

The statements of comprehensive income of Bruce Starke & Co. for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Unaudited</i>	<i>Unaudited</i>
	<i>Six months</i>	<i>Six months</i>
	<i>ended</i>	<i>ended</i>
	<i>30 Jun</i>	<i>30 Jun</i>
	<i>2018</i>	<i>2017</i>
<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Revenue</b>	5 1,563,090	1,501,231
Cost of sales	(1,121,318)	(1,106,022)
	<u>441,772</u>	<u>395,209</u>
<b>Gross profit</b>		
Distribution costs	(191,588)	(190,580)
Administrative expenses	(168,081)	(161,125)
	<u>82,103</u>	<u>43,505</u>
<b>Operating profit</b>		
Finance income	531	16
	<u>82,634</u>	<u>43,521</u>
<b>Profit before taxation</b>		
Taxation	–	–
	<u>82,634</u>	<u>43,521</u>
<b>Profit for the financial year</b>		
	<u>82,634</u>	<u>43,521</u>
<b>Total comprehensive income for the financial year</b>		
	<u>82,634</u>	<u>43,521</u>
<b>Profit for the financial year attributable to:</b>		
The company's equity shareholders	<u>82,634</u>	<u>43,521</u>
Earnings per share	7 <u>0.83</u>	<u>0.44</u>
Diluted earnings per share	7 <u>0.83</u>	<u>0.44</u>

## Statement of financial position

The statements of financial position of Bruce Starke & Co. as at 30 June 2018 and 31 December 2017 are set out below:

		<i>Unaudited</i>	<i>Audited</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2018</i>	<i>2017</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,716,625	1,723,463
<b>Current assets</b>			
Inventories	9	937,619	900,267
Trade and other receivables	10	502,227	509,828
Cash and cash equivalents	11	197,062	242,728
		<u>1,636,908</u>	<u>1,652,823</u>
<b>Current liabilities</b>			
Trade and other payables	12	<u>(268,718)</u>	<u>(374,105)</u>
		<u>(268,718)</u>	<u>(374,105)</u>
<b>Net current assets</b>			
		1,368,190	1,278,718
<b>Non-current liabilities</b>			
Deferred tax		<u>(82,857)</u>	<u>(82,857)</u>
		<u>(82,857)</u>	<u>(82,857)</u>
<b>Net assets</b>			
		<u>3,001,958</u>	<u>2,919,324</u>
<b>Equity</b>			
Share capital	13	99,246	99,246
Retained earnings		1,820,044	1,737,410
Revaluation reserve		1,082,668	1,082,668
		<u>3,001,958</u>	<u>2,919,324</u>
<b>Total equity</b>			
		<u>3,001,958</u>	<u>2,919,324</u>

## Statement of changes in equity

The statements of changes in equity of Bruce Starke & Co. for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total equity</i> £
<b>Balance at 1 January 2017 Unaudited</b>	99,246	1,869,543	1,079,144	3,047,933
Profit for the year	–	43,521	–	43,521
Transfer of depreciation	–	(1,762)	1,762	–
<b>Total comprehensive income for the year</b>	–	41,759	1,762	43,521
<b>Balance at 30 June 2017 Unaudited</b>	<u>99,246</u>	<u>1,911,302</u>	<u>1,080,906</u>	<u>3,091,454</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total equity</i> £
<b>Balance at 1 July 2017 Unaudited</b>	99,246	1,911,302	1,080,906	3,091,454
Profit for the year	–	27,870	–	27,870
Dividends	–	(200,000)	–	(200,000)
Transfer of depreciation	–	(1,762)	1,762	–
<b>Total comprehensive income for the year</b>	–	(173,892)	1,762	(172,130)
<b>Balance at 31 December 2017 Audited</b>	<u>99,246</u>	<u>1,737,410</u>	<u>1,082,668</u>	<u>2,919,324</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total equity</i> £
<b>Balance at 1 January 2018 Audited</b>	99,246	1,737,410	1,082,668	2,919,324
Profit for the year	–	82,634	–	82,634
<b>Total comprehensive income for the year</b>	–	82,634	–	82,634
<b>Balance at 30 June 2018 Unaudited</b>	<u>99,246</u>	<u>1,820,044</u>	<u>1,082,668</u>	<u>3,001,958</u>

## Statement of cash flows

The statements of cash flows of Bruce Starke & Co. for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 Jun</i> <i>2018</i> £	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 Jun</i> <i>2017</i> £
	<i>Notes</i>	
<b>Cash flows from operating activities</b>		
Profit before tax for the year	82,634	43,521
Adjustments for:		
Depreciation	18,015	18,930
Finance income	(531)	(16)
	<u>100,119</u>	<u>62,434</u>
Decrease/(increase) in inventories	(37,352)	(42,451)
(Increase)/decrease in trade and other receivables	7,600	(5,942)
(Decrease)/increase in trade and other payables	(105,387)	(3,821)
	<u>(35,021)</u>	<u>10,220</u>
<b>Cash flows from operations</b>	(35,021)	10,220
Tax paid	–	–
	<u>(35,021)</u>	<u>10,220</u>
<b>Net cash (outflow)/inflow from operating activities</b>	(35,021)	10,220
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(11,176)	–
Interest received	531	16
	<u>(10,645)</u>	<u>16</u>
<b>Net cash flow from investing activities</b>	(10,645)	16
<b>Net cash flow from financing activities</b>		
Dividends paid	–	–
	<u>–</u>	<u>–</u>
<b>Net cash inflow/(outflow) from financing activities</b>	–	–
<b>Net increase in cash and cash equivalents</b>	(45,666)	10,237
Cash and cash equivalents at the beginning of financial year	242,728	354,438
	<u>197,062</u>	<u>364,675</u>
<b>Cash and cash equivalents at end of financial year</b>	197,062	364,675
<b>Comprising</b>		
Cash at bank	11 197,062	364,675
	<u>197,062</u>	<u>364,675</u>

## Notes to the interim financial information

### 1 General information

The company is a private company limited by shares, registered in England and Wales. The registered company number is 00290045 and the address of the registered office is 102 Willbye Avenue, Diss, England, IP22 4NP.

The principal activity of the company is that of wholesale floorcoverings.

### 2 Presentational currency

The financial information has been presented in Sterling ("£") the company's presentational currency. The functional currency of the company is Sterling ("£").

### 3 Significant accounting policies, judgements and key sources of estimation uncertainty

The interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("EU").

This unaudited interim financial information is prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value.

The principal accounting policies adopted in the preparation of the historical financial information are as set out in Section 5 of Part IV. The policies have been consistently applied to all the years presented.

### 4 Going concern

This historical financial information relating to the company has been prepared on the going concern basis. The directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing the company's historical financial information.

### 5 Segmental reporting

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and assess their performance.

#### Geographical segments

The analysis of the company's revenue by geographical segments based on customers' locations is as follows:

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
UK	1,447,733	1,422,668
Non-UK	115,357	78,563
	<u>1,563,090</u>	<u>1,501,231</u>

The UK is the company's only operating segment.

The company's only operating segment is for the sale of mats.

## 6 Operating profit

Operating profit is stated after charging:

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
Depreciation of tangible assets	18,014	18,930
Difference on foreign exchange	(419)	(13,380)
Operating lease expense:	<u>3,857</u>	<u>3,857</u>

## 7 Earnings per share

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

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
Earnings attributable to equity holders of the company	<u>82,634</u>	<u>43,521</u>

  

	<i>Six months ended 30 Jun 2018 No.</i>	<i>Six months ended 30 Jun 2017 No.</i>
Weighted average number of shares in issue	<u>99,246</u>	<u>99,246</u>

  

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
Basic earnings per share	<u>0.83</u>	<u>0.44</u>
Diluted earnings per share	<u>0.83</u>	<u>0.44</u>

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

## 8 Property, plant and equipment

	<i>Freehold land &amp; property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
<b>Cost</b>				
At 1 January 2017	1,800,000	58,606	146,702	2,005,307
Additions	–	–	–	–
Disposals	–	–	–	–
<b>At 30 June 2017</b>	<u>1,800,000</u>	<u>58,606</u>	<u>146,702</u>	<u>2,005,307</u>
Additions	–	–	–	–
Disposals	–	–	–	–
<b>At 31 December 2017</b>	<u>1,800,000</u>	<u>58,606</u>	<u>146,702</u>	<u>2,005,307</u>
Additions	–	–	11,176	11,176
Disposals	–	–	–	–
<b>At 30 June 2018</b>	<u><u>1,800,000</u></u>	<u><u>58,606</u></u>	<u><u>157,878</u></u>	<u><u>2,016,484</u></u>
<b>Depreciation</b>				–
At 1 January 2017	64,000	46,767	133,467	244,234
Charge for the six month period	16,000	889	2,041	18,930
Disposals	–	–	–	–
<b>At 30 June 2017</b>	<u>80,000</u>	<u>47,656</u>	<u>135,508</u>	<u>263,164</u>
Charge for the six month period	16,000	889	1,791	18,680
Disposals	–	–	–	–
<b>At 31 December 2017</b>	<u>96,000</u>	<u>48,545</u>	<u>137,299</u>	<u>281,844</u>
Charge for the six month period	16,000	756	1,259	18,014
Disposals	–	–	–	–
<b>At 30 June 2018</b>	<u><u>112,000</u></u>	<u><u>49,301</u></u>	<u><u>138,558</u></u>	<u><u>299,859</u></u>
<b>Net book value</b>				–
At 1 January 2017	<u>1,736,000</u>	<u>11,839</u>	<u>13,234</u>	<u>1,761,073</u>
At 30 June 2017	<u>1,720,000</u>	<u>10,950</u>	<u>11,194</u>	<u>1,742,143</u>
At 31 December 2017	<u>1,704,000</u>	<u>10,061</u>	<u>9,403</u>	<u>1,723,463</u>
At 30 June 2018	<u><u>1,688,000</u></u>	<u><u>9,305</u></u>	<u><u>19,320</u></u>	<u><u>1,716,625</u></u>

Depreciation is included within administrative expenses.

## 9 Inventories

	<i>30 Jun 2018</i> £	<i>31 Dec 2017</i> £
Finished goods and goods for resale	<u>937,619</u>	<u>900,267</u>
	<u><u>937,619</u></u>	<u><u>900,267</u></u>

## 10 Trade and other receivables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Trade receivables	475,827	470,186
Other receivables	18,062	20,560
Prepayments	8,338	19,082
	<u>502,227</u>	<u>509,828</u>

The directors consider the carrying value of trade and other receivables is approximate to its fair value.

All of the company's trade and other receivables have been reviewed for indicators of impairment. The company suffers a small incidence of credit losses.

## 11 Cash and cash equivalents

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Cash at bank	196,903	242,660
Cash in hand	159	68
	<u>197,062</u>	<u>242,728</u>

## 12 Trade and other payables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Trade payables	149,504	190,588
Corporation tax	23,698	23,698
Other payables	1,646	1,516
Other taxation and social security	63,000	98,810
Accruals	30,871	59,493
	<u>268,718</u>	<u>374,105</u>

## 13 Share capital

### *Issued, called up and fully paid*

	<i>30 Jun</i> 2018 No.	<i>31 Dec</i> 2017 No.
Shares of £1 each	<u>99,246</u>	<u>99,246</u>

#### 14 Related party transactions

Key management personnel are identified as the directors and their remuneration is disclosed as follows:

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
<b>Remuneration of key management</b>		
Remuneration	31,036	29,484
Social security costs	3,137	2,759
Employer pension contribution to defined contribution schemes	85	41
	<u>34,258</u>	<u>32,284</u>

#### 15 Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.

## PART IV

### SECTION 3 – UNAUDITED INTERIM FINANCIAL INFORMATION OF LIKEWISE GROUP PLC

#### Statement of comprehensive income

The statements of comprehensive income of the Company for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

		<i>Unaudited Six months ended 30 Jun 2018 £</i>	<i>Unaudited Six months ended 30 Jun 2017 £</i>
<b>Revenue</b>	Notes 5	52,312	–
<b>Gross profit</b>		52,312	–
Administrative expenses		(133,537)	(1,813)
<b>Operating profit</b>		(81,225)	(1,813)
Finance costs		(38,556)	–
<b>Profit for the financial year</b>		<u>(119,781)</u>	<u>(1,813)</u>
<b>Total comprehensive income for the financial year</b>		<u>(119,781)</u>	<u>(1,813)</u>
<b>Profit for the financial year attributable to:</b>			
The company's equity shareholders		<u>(119,781)</u>	<u>(1,813)</u>
Loss per share	6	<u>(1,197.81)</u>	<u>(18.13)</u>
Diluted loss per share	6	<u>(1,197.81)</u>	<u>(18.13)</u>

## Statement of financial position

The statements of financial position of the Company as at 30 June 2018 and 31 December 2017 are set out below:

	<i>Notes</i>	<i>Unaudited 30 June 2018 £</i>	<i>Unaudited 31 December 2017 £</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	1,700,000	
<b>Current assets</b>			
Trade and other receivables	8	994,827	5,146
Cash and cash equivalents	9	28,311	489,740
		<u>1,023,138</u>	<u>494,886</u>
<b>Current liabilities</b>			
Loans and borrowings	11	(185,181)	–
Trade and other payables	10	(44,822)	(499,989)
		<u>(229,983)</u>	<u>(499,989)</u>
<b>Net current assets</b>		<u>793,155</u>	<u>(5,103)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	11	(2,118,039)	–
<b>Net assets</b>		<u>375,116</u>	<u>(5,103)</u>
<b>Equity</b>			
Share capital	12	100	100
Shares to be issued	12	500,000	–
Retained earnings		(124,984)	(5,203)
<b>Total equity</b>		<u>375,116</u>	<u>(5,103)</u>

## Statement of changes in equity

The statements of changes in equity of the Company for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>Balance at 1 January 2017 Unaudited</b>	100	–	100
Profit for the year	–	(1,813)	(1,183)
Dividends	–	–	–
<b>Total comprehensive income for the year</b>	<u>–</u>	<u>(1,813)</u>	<u>(1,813)</u>
<b>Balance at 30 June 2017 Unaudited</b>	<u>100</u>	<u>(1,813)</u>	<u>(1,713)</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>Balance at 1 July 2017 Unaudited</b>	100	(1,813)	(1,713)
Profit for the year	–	(3,390)	(3,390)
Dividends	–	–	–
<b>Total comprehensive income for the year</b>	<u>–</u>	<u>(3,390)</u>	<u>(3,390)</u>
<b>Balance at 31 December 2017 Unaudited</b>	<u>100</u>	<u>(5,203)</u>	<u>(5,103)</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>Balance at 1 January 2018 Unaudited</b>	100	(5,203)	(5,103)
Profit for the year	–	(119,781)	(119,781)
Dividends	–	–	–
Shares to be issued	500,000	–	500,000
<b>Total comprehensive loss for the year</b>	<u>500,000</u>	<u>(119,781)</u>	<u>(380,219)</u>
<b>Balance at 30 June 2018 Unaudited</b>	<u>500,100</u>	<u>(124,984)</u>	<u>(375,116)</u>

## Statement of cash flows

The statements of cash flows of the Company for the six month period ended 30 June 2018 and the six month comparative for the period ended 30 June 2017 are set out below:

	<i>Unaudited Six months ended 30 Jun 2018</i>	<i>Unaudited Six months ended 30 Jun 2017</i>
<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Cash flows from operating activities</b>		
Profit before tax for the year	(119,781)	(1,813)
Adjustments for:		
Depreciation	–	–
Finance costs	38,556	–
	<u>(81,225)</u>	<u>(1,813)</u>
(Increase)/decrease in trade and other receivables	(989,681)	–
(Decrease)/increase in trade and other payables	1,848,033	23,638
	<u>777,127</u>	<u>21,825</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>777,127</b>	<b>21,825</b>
<b>Cashflows from investing activities</b>		
Purchase of investments	(1,700,000)	–
Interest payable	(38,556)	–
	<u>(1,738,556)</u>	<u>–</u>
<b>Net cash (outflow) from investing activities</b>	<b>(1,738,556)</b>	<b>–</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	500,000	–
	<u>500,000</u>	<u>–</u>
<b>Net cash inflow from financing activities</b>	<b>500,000</b>	<b>–</b>
<b>Net increase in cash and cash equivalents</b>	<b>(461,429)</b>	<b>21,825</b>
Cash and cash equivalents at the beginning of financial year	489,740	–
	<u>28,311</u>	<u>21,825</u>
<b>Cash and cash equivalents at end of financial period</b>	<b>28,311</b>	<b>21,825</b>
<b>Comprising</b>		
Cash at bank	9 28,311	21,825
	<u>28,311</u>	<u>21,825</u>

## Notes to the interim financial information

### 1 General information

The company is a public company limited by shares, registered in England and Wales. The registered company number is 08010067 and the address of the registered office is Churchfield Road, Sudbury, Suffolk, CO10 2YA.

The principal activity of the company is that of a holding company.

### 2 Presentational currency

The financial information has been presented in Sterling ("£") the company's presentational currency. The functional currency of the company is Sterling ("£").

### 3 Significant accounting policies, judgements and key sources of estimation uncertainty

The interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("EU").

This unaudited interim financial information is prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value.

The principal accounting policies adopted in the preparation of the historical financial information are as set out in Section 4 of Part IV. The policies have been consistently applied to all the years presented.

### 4 Going concern

This historical financial information relating to the company has been prepared on the going concern basis. The directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing the company's historical financial information.

### 5 Segmental reporting

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and assess their performance.

#### **Geographical segments:**

The company generates revenue from the UK as detailed below:

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
UK	52,312	–
	<u>52,312</u>	<u>–</u>

Revenue is derived from continuing operations and arises entirely from management charges.

## 6 Loss per share

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

	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
Loss attributable to equity holders of the company	<u>(119,781)</u>	<u>(1,813)</u>
	<i>Six months ended 30 Jun 2018 No.</i>	<i>Six months ended 30 Jun 2017 No.</i>
Weighted average number of shares in issue	<u>100</u>	<u>100</u>
	<i>Six months ended 30 Jun 2018 £</i>	<i>Six months ended 30 Jun 2017 £</i>
Basic loss per share	<u>(1,197.81)</u>	<u>(18.13)</u>
Diluted loss per share	<u>(1,197.81)</u>	<u>(18.13)</u>

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

## 7 Fixed asset investments

	<i>Investments in subsidiary companies £</i>
<b>Cost</b>	
At 1 January 2018	–
Addition	<u>1,700,000</u>
<b>At 30 June 2018</b>	<u>1,700,000</u>
<b>Net book value</b>	
At 1 January 2017	<u>–</u>
At 30 June 2017	<u>–</u>
At 31 December 2017	<u>–</u>
At 30 June 2018	<u>1,700,000</u>

### **Subsidiary undertakings:**

The following were subsidiary undertakings of the company:

<i>Name</i>	<i>Principal activity</i>	<i>Place of incorporation</i>	<i>Class of shares</i>	<i>Holding</i>
William Armes Holdings Limited	Property holding company	UK	Ordinary	100%

## 8 Trade and other receivables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Trade receivables	19,519	–
Other receivables	974,420	5,146
Amount owing by a director	888	–
	<u>994,827</u>	<u>5,146</u>

The directors consider the carrying value of trade and other receivables is approximate to its fair value.

All of the company's trade and other receivables have been reviewed for indicators of impairment.

## 9 Cash and cash equivalents

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Cash at bank	28,311	489,740
	<u>28,311</u>	<u>489,740</u>

## 10 Trade and other payables

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Trade payables	1,153	–
Other taxation and social security	4,793	–
Other payable	35,495	499,989
Accruals	3,381	–
	<u>44,822</u>	<u>499,989</u>

## 11 Loans and borrowings

	<i>30 Jun</i> 2018 £	<i>31 Dec</i> 2017 £
Unsecured bank loan	2,303,200	–
	<u>2,303,200</u>	<u>–</u>

The loans and borrowings balance consists entirely of a five-year unsecured loan, drawn-down on 5 January 2018.

Interest on the loan is paid in reference to the Bank of England interest rate, with a minimum interest of 2.95 per cent. due on the loan.

Repayments on the loan are made on the basis of a 15-year repayment profile.

## 12 Share capital

### *Issued, called up and fully paid*

	<i>30 Jun</i>	<i>31 Dec</i>
	<i>2018</i>	<i>2017</i>
	<i>No.</i>	<i>No.</i>
Shares of £1 each	100	100

As at the balance sheet date, the Company had received £500,000 which is held within equity as share capital to be issued.

## 13 Subsequent events

On 17 December 2018, the members of the Company passed resolutions to subdivide the entire issued share capital of the Company, being 100 ordinary shares of £1 each, into 10,000 ordinary shares of 1p each and to allot and issue an additional 49,990,000 ordinary shares of 1p each in the capital of the Company, fully paid up with an aggregate premium being paid of £200,100 bringing the aggregate issued share capital of the Company to 50,000,000 ordinary shares of 1p each with an aggregate nominal value of £500,000. In addition, the Company re-registered as a public company limited by shares and changed its name to Likewise Group PLC.

## 14 Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.

## PART IV

### HISTORICAL FINANCIAL INFORMATION

#### SECTION 4 – ACCOUNTANT’S REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF WILLIAM ARMES HOLDINGS LIMITED



9 January 2019

The Directors  
Likewise Group PLC  
Church Field Road  
Sudbury  
CO10 2YA

The Directors  
Zeus Capital Limited  
82 King Street  
Manchester  
M2 4WQ

Dear Sirs,

#### **Introduction**

We report on the audited historical financial information of William Armes Holdings Limited and its wholly owned subsidiary, William Armes Limited (together, the “William Armes Group”) for the three years ended 31 December 2017 (the “William Armes Group Financial Information”). The William Armes Group Financial Information has been prepared for inclusion in Part IV “*Historical Financial Information*” of Likewise Group PLC’s (the “Company”) Listing Document dated 9 January 2019 (the “Listing Document”), on the basis of the accounting policies set out in note 3 of this section. This report is required by paragraph 9.6.1.1 of The International Stock Exchange Listing Rules (the “TISEA Listing Rules”) and is given for the purposes of complying with the TISEA Listing Rules and for no other purpose.

#### **Responsibilities**

The directors of the Company (the “Directors”) are responsible for preparing the William Armes Group Financial Information on the basis of preparation set out in note 2 of this section and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

It is our responsibility to form an opinion on the William Armes Group Financial Information as to whether the William Armes Group Financial Information gives a true and fair view, for the purposes of the Listing Document, and to report our opinion to you.

Save for any responsibility arising under paragraph 9.6.1.1 of the TISEA Listing Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 9.6.1.1 of the TISEA Listing Rules, consenting to its inclusion in the Listing Document.

#### **Basis for Qualified Opinion**

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the

Crowe U.K. LLP  
Chartered Accountants  
Member of Crowe Global  
St Bride’s House  
10 Salisbury Square  
London EC4Y 8EH, UK  
Tel +44 (0)20 7842 7100  
Fax +44 (0)20 7583 1720  
DX: 0014 London Chancery Lane  
www.crowe.co.uk

amounts and disclosures in the William Armes Group Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the William Armes Group Financial Information and whether the accounting policies are appropriate to the William Armes Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the William Armes Group Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

With respect to inventories, with carrying amounts of £1,093,012, £1,165,929 and £981,315, as at 31 December 2017, 2016 and 2015 respectively, the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2017, 2016 and 2015, since that date was prior to our appointment as auditor of the company. We were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. The limitation on evidence of existence of stock at the beginning of the period means that we were unable to obtain sufficient audit evidence to confirm the costs of sales recognised in the William Armes Group Financial Information.

### **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the William Armes Group Financial Information gives, for the purposes of the Listing Document, a true and fair view of the state of affairs of the William Armes Group as at each of 31 December 2017, 31 December 2016 and 31 December 2015 and of the results, cash flows and changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 of this section has been prepared in accordance with IFRS and that it has been prepared in a form that is consistent with the accounting policies adopted by the Group.

### **Declaration**

For the purposes of paragraph 9.6.1.1 of the TISEA Listing Rules, we are responsible for this report as part of the Listing Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Listing Document in compliance with 9.6.1.1 of the TISEA Listing Rules.

Yours faithfully,

**Crowe U.K. LLP**  
*Chartered Accountants*

**AUDITED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF WILLIAM ARMES HOLDINGS LIMITED**

**Consolidated Statement of comprehensive income**

The consolidated statements of comprehensive income of William Armes Holdings Limited for the three years ended 31 December 2017 are set out below:

		<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b>Revenue</b>	3	3,503,287	3,716,674	4,097,150
Cost of sales		<u>(1,709,580)</u>	<u>(1,830,107)</u>	<u>(2,196,001)</u>
<b>Gross profit</b>		1,793,707	1,886,567	1,901,149
Distribution costs		(194,288)	(211,583)	(237,590)
Administrative expenses		(1,273,670)	(1,618,783)	(1,292,065)
Other operating income	9	<u>31,622</u>	<u>39,389</u>	<u>36,467</u>
<b>Operating profit/(loss)</b>		357,371	95,590	407,961
Income from fixed assets investments	12	–	5,092	1,108
Finance income	10	3,246	34,005	34,030
Finance costs	11	(38,281)	(74,639)	(78,153)
Other finance income/(costs)	23	<u>(3,000)</u>	<u>(14,000)</u>	<u>17,000</u>
<b>Profit before taxation</b>		319,336	46,048	381,946
Taxation		<u>(99,666)</u>	<u>21,214</u>	<u>(7,439)</u>
<b>Profit/(loss) for the financial year</b>		<u>219,670</u>	<u>67,262</u>	<u>374,507</u>
<b>Other comprehensive income for the year</b>				
Unrealised surplus on revaluation of fixed asset investments		–	26,598	(4,627)
Actuarial losses on defined benefit pension scheme		(19,000)	(321,000)	(24,000)
Gain on revaluation of property		1,125,514	–	–
<b>Total comprehensive income/(loss) for the financial year</b>		<u>1,326,184</u>	<u>(227,140)</u>	<u>345,830</u>
<b>Profit for the financial year attributable to:</b>				
The company's equity shareholders		<u>219,670</u>	<u>67,262</u>	<u>374,507</u>
Basic earnings per share	13	<u>1.20</u>	<u>0.37</u>	<u>2.05</u>
Diluted earnings per share	13	<u>1.20</u>	<u>0.37</u>	<u>2.05</u>

## Consolidated statement of financial position

The consolidated statements of financial position of William Armes Holdings Limited as at 31 December 2015, 2016 and 2017 are set out below:

		31 December 2017	31 December 2016	31 December 2015
	Notes	£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15	3,777,776	2,420,571	2,454,582
Fixed asset investments	16	–	586,512	558,558
Trade and other receivables due after one year	18	88,839	88,839	88,839
Deferred tax asset		–	13,775	–
<b>Current assets</b>				
Inventories	17	1,093,012	1,165,929	981,315
Trade and other receivables due within one year	18	583,579	532,968	597,976
Cash and cash equivalents	19	189,128	377,431	417,147
		<u>1,865,719</u>	<u>2,076,328</u>	<u>1,996,438</u>
<b>Current liabilities</b>				
Trade and other payables	20	(1,369,090)	(580,459)	(480,728)
		<u>(1,369,090)</u>	<u>(580,459)</u>	<u>(480,728)</u>
<b>Net current assets</b>				
		496,629	1,495,869	1,515,710
<b>Non-current liabilities</b>				
Loans and borrowings	21	–	(936,450)	(993,994)
Defined benefit pension scheme liability	23	(10,000)	(687,000)	(407,000)
Deferred tax liability		(85,891)	–	(7,439)
		<u>(95,891)</u>	<u>(1,623,450)</u>	<u>(1,408,433)</u>
<b>Net assets</b>				
		<u>4,267,353</u>	<u>2,982,116</u>	<u>3,209,256</u>
<b>Equity</b>				
Share capital	28	182,800	182,800	182,800
Retained earnings		2,980,139	2,690,144	2,943,882
Revaluation reserve		1,104,414	–	–
Available for sale reserve		–	109,172	82,574
<b>Total equity</b>				
		<u>4,267,353</u>	<u>2,982,116</u>	<u>3,209,256</u>

## Consolidated Statement of changes in equity

The consolidated statements of changes in equity of William Armes Holdings Limited for the years ended 31 December 2017 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Available for sale reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2015</b>	182,800	2,593,375	–	87,201	2,863,376
Profit for the year	–	374,507	–	–	374,507
Deficit on revaluation of fixed asset investments	–	–	–	(4,627)	(4,627)
Actuarial (losses)	–	(24,000)	–	–	(24,000)
<b>Total comprehensive income for the year</b>	–	350,507	–	(4,627)	345,880
<b>Balance at 31 December 2015</b>	<u>182,800</u>	<u>2,943,882</u>	<u>–</u>	<u>82,574</u>	<u>3,209,256</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Available for sale reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2016</b>	182,800	2,943,882	–	82,574	3,209,256
Profit for the year	–	67,262	–	–	67,262
Deficit on revaluation of fixed asset investments	–	–	–	26,598	26,598
Actuarial gains/(losses)	–	(321,000)	–	–	(321,000)
<b>Total comprehensive income/(loss) for the year</b>	–	(253,738)	–	26,598	(227,140)
<b>Balance at 31 December 2016</b>	<u>182,800</u>	<u>2,690,144</u>	<u>–</u>	<u>109,172</u>	<u>2,982,116</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Available for sale reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2017</b>	182,800	2,690,144	–	109,172	2,982,116
Profit for the year	–	219,670	–	–	219,670
Revaluation in year	–	–	1,125,514	–	1,125,514
Actuarial gains/(losses)	–	(19,000)	–	–	(19,000)
<b>Total comprehensive income for the year</b>	–	200,670	1,125,514	–	1,326,184
Transfer to profit or loss account	–	21,100	(21,100)	–	–
Transfer to profit or loss account	–	109,172	–	(109,172)	–
Dividend paid	–	(40,947)	–	–	(40,947)
<b>Balance at 31 December 2017</b>	<u>182,800</u>	<u>2,980,139</u>	<u>1,104,414</u>	<u>–</u>	<u>4,267,353</u>

## Consolidated statement of cash flows

The consolidated statements of cash flows of William Armes Holdings for the years ended 31 December 2017 are set out below:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<b>Cash flows from operating activities</b>			
Profit for the year	219,670	67,262	374,507
Adjustments for:			
Depreciation	16,540	49,093	48,646
Reversal of impairment of freehold property	(220,000)	–	(150,000)
Finance income	(3,246)	(34,005)	(34,030)
Finance costs	38,281	74,639	78,153
Dividends received	–	(5,092)	(1,108)
Employer pension contributions	(699,000)	(55,000)	(55,000)
Pension finance cost/(income)	3,000	14,000	(17,000)
Tax charge	99,666	(21,214)	7,439
	<u>(545,089)</u>	<u>89,683</u>	<u>251,607</u>
Decrease/(increase) in inventories	72,917	(184,614)	195,643
(Increase)/decrease in trade and other receivables	(50,611)	65,008	(39,574)
(Decrease)/increase in trade and other payables	(137,254)	99,731	(128,618)
	<u>(660,037)</u>	<u>69,808</u>	<u>279,058</u>
<b>Cash flows from operations</b>			
<b>Net cash (outflow)/inflow from operating activities</b>	(660,037)	69,808	279,058
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(28,232)	(15,082)	(16,617)
Purchase of fixed asset investments	–	(5,092)	(1,108)
Proceeds of disposal of fixed asset investments	586,512	3,736	3,391
Interest received	3,246	34,005	34,030
Dividends received	–	5,092	1,108
	<u>561,526</u>	<u>22,659</u>	<u>20,804</u>
<b>Net cash used in investing activities</b>			
<b>Net cash flow from financing activities</b>			
Interest paid	(38,281)	(74,639)	(78,153)
Dividends paid	(40,947)	–	–
Bank loan repaid	(60,309)	(57,544)	(55,260)
	<u>(139,537)</u>	<u>(132,183)</u>	<u>(133,413)</u>
<b>Net cash (outflow) from financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>	(238,048)	(39,716)	166,449
Cash and cash equivalents at the beginning of financial year	<u>377,431</u>	<u>417,147</u>	<u>250,698</u>
<b>Cash and cash equivalents at end of financial year</b>	139,383	377,431	417,147
<b>Comprising</b>			
Cash at bank	19	189,128	377,431
Bank overdrafts		(49,745)	–
		<u>139,383</u>	<u>377,431</u>
		<u>139,383</u>	<u>417,147</u>

## Notes to the financial information

### 1 General information

William Armes Holdings Limited is a private company limited by shares and was incorporated on 20 July 2009 in England. The registered company number is 06967132 and the address of the registered office and principal place of business is Churchfield Road, Sudbury, Suffolk, CO10 2YA.

The principal activity of the William Armes Group is that of the manufacture and sale of floorcoverings and factoring of allied products.

### 2 Basis of preparation

The historical financial information of the group for the years presented, has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU and IFRIC interpretations.

All accounting policies disclosed below apply to the William Armes Group for the years presented, unless otherwise explicitly stated.

The William Armes Group has adopted IFRS for the first time in this historical financial information.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on going process of review and endorsement by the European Commission. The accounting policies disclosed below comply with each IFRS that is mandatory for accounting periods ended on 31 December 2017.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the William Armes Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**3 Accounting policies**

***Basis of consolidation***

The consolidated financial statements present the results of the Company and its own subsidiaries (“the William Armes Group”) as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

***Revenue recognition***

Revenue comprises revenue recognised in respect of goods and services supplied during the period, and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

***Sale of goods***

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

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

***Finance income and costs***

Interest income and expense are 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

***Property, plant and equipment***

Property, plant and equipment 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 profit or loss in the period in which they are incurred.

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

Leasehold equipment	–	20% straight line
Plant and machinery	–	12.5% straight line
Office furniture	–	20% straight line
Computer equipment	–	20/33% 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 profit or loss.

### **Revaluation of tangible fixed assets**

Freehold properties are carried at fair value at the date of the 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 Consolidated income statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

### **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, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling prices allowing for all further costs of completion and disposal.

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 profit or loss.

### **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.

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.

### **Financial instruments**

Financial assets and financial liabilities are recognised when the William Armes Group 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.

### **Financial assets**

The group classifies its financial assets as "loans and receivables" and assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the William Armes Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance

account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

### **Financial liabilities**

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method (the "EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

Loans and borrowings, including bank overdrafts, are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least 12 months after the year end.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Foreign currency**

#### *Functional and Presentation Currency*

The financial information is presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial information is presented in British Sterling ("£"), which is the group's functional currency and the presentation currency.

#### *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### **Fixed asset investments**

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in other comprehensive income for the period.

### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the consolidated income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

### **Defined benefit pension plan**

The William Armes Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several

factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled less present value of the defined benefit obligation at the end of the reporting date.

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

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

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

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

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

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

### **Current taxation**

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

### **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 profit or loss, 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.

## **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The interest element of finance lease payments is charged to profit or loss as finance costs over the period of the lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the net consideration. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Other borrowing costs are expensed in the period in which they are incurred.

## **Equity**

Ordinary shares are classified as equity. Dividends on ordinary shares as liabilities when approved for appropriation.

## **4 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 William Armes 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:

<i>New/Revised International Financial Reporting Standards</i>	<i>Effective date: Annual periods beginning on or after:</i>	<i>EU adopted</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018	Yes
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes
IFRS 16 Leases	1 January 2019	Yes

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. New standards, interpretations and amendments not listed below are not expected to have a material impact on the group's financial statements.

### **IFRS 9 'Financial Instruments'**

The new standard for financial instruments (IFRS9) introduces extensive changes to IAS39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management have assessed the impact of IFRS 9. The main areas of expected impact are as follows:

- the classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;

- an expected credit loss based impairment will need to be recognised on the group's trade receivables, unless classified as at fair value through profit or loss in accordance with the new criteria;

The directors are of the opinion that the adoption of IFRS 9 will not have a material impact on the financial statements.

### ***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 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 will be recognised when a customer obtains control of the goods.

The directors are of the opinion that the adoption of IFRS 15 will not have a material impact on the financial statements.

### ***IFRS 16 'Leases'***

IFRS16 will replace IAS17 and the related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right of use asset and a lease liability.

Management has completed an initial assessment of the potential impact on the financial statements. Management has followed the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one off choices;
- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right of use assets;
- assessing the additional disclosures that will be required; and
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions.

The directors are of the opinion that the adoption of IFRS 16 will not have a material impact on the financial statements.

## **5 Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements that management have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

### *– Impairment of property, plant and equipment*

Determine whether there are indicators of impairment of the company's property, plant and equipment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

– *Impairment of trade receivables*

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 company 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.

– *Depreciation of property, plant and equipment*

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

– *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 has been made for members transferring benefits out of the scheme in future.

– *Inventory valuation*

This is provided for on the basis of the age of the items and dependent on the frequency of component use.

**Going concern**

During the year ended 31 December 2017 the group made a profit before tax of £258,579 (2016: £46,048, 2015: £381,946).

The directors believe that the group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

**6 Segmental reporting**

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and assess their performance.

**Geographical segments**

The analysis of the company's revenue by geographical segments based on customers' locations is as follows:

	2017	2016	2015
	£	£	£
UK	3,332,438	3,560,443	3,961,623
Non-UK	170,849	156,231	135,527
	<u>3,503,287</u>	<u>3,716,674</u>	<u>4,097,150</u>

The William Armes Group has one operating segment, located in Sudbury, UK.

The William Armes Group's only operating segment is the sale of matting.

## 7 Profit/(loss) before taxation

Profit before taxation is arrived at after charging:

	2017 £	2016 £	2015 £
Depreciation of non-current assets	16,540	49,093	48,646
Difference on foreign exchange	39,938	16,183	(81,554)
Operating lease expense: – plant	<u>41,846</u>	<u>71,828</u>	<u>46,572</u>

## 8 Directors and employees

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

	2017 £	2016 £	2015 £
<b>Staff costs</b>			
Wages and salaries	672,599	696,634	664,105
Social security costs	55,578	58,283	54,596
Pension costs	<u>32,136</u>	<u>27,320</u>	<u>29,486</u>
	<u>760,313</u>	<u>782,237</u>	<u>748,187</u>

### Remuneration of directors

	2017 £	2016 £	2015 £
Remuneration	129,538	139,617	170,365
Social security costs	15,207	17,298	21,798
Pension contribution to defined contribution schemes	<u>23,054</u>	<u>31,633</u>	<u>33,564</u>
	<u>167,799</u>	<u>188,548</u>	<u>225,727</u>

There are 2 directors (2016: 2; 2015: 2) to whom benefits are accruing in respect of defined contribution or defined benefit schemes.

### Average headcount

	2017	2016	2015
Administrative staff	6	6	6
Warehouse staff	<u>26</u>	<u>18</u>	<u>28</u>
	<u>32</u>	<u>24</u>	<u>34</u>

## 9 Other operating income

	2017 £	2016 £	2015 £
Discounts receivable	18,487	23,018	24,508
Sundry income	<u>13,135</u>	<u>16,371</u>	<u>11,959</u>
	<u>31,622</u>	<u>39,389</u>	<u>36,467</u>

## 10 Finance income

	2017 £	2016 £	2015 £
Bank interest receivable	<u>3,246</u>	<u>34,005</u>	<u>34,030</u>

## 11 Finance costs

	2017 £	2016 £	2015 £
Bank overdraft interest payable	<u>38,281</u>	<u>74,639</u>	<u>78,153</u>

## 12 Income from fixed asset investments

	2017 £	2016 £	2015 £
Dividends received - listed investments	<u>-</u>	<u>5,092</u>	<u>1,108</u>

## 13 Earnings per share

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

	2017 £	2016 £	2015 £
Earnings attributable to equity holders of the company	<u>219,670</u>	<u>67,262</u>	<u>374,507</u>
	2017 No.	2016 No.	2015 No.
Weighted average number of shares in issue	<u>182,800</u>	<u>182,800</u>	<u>182,800</u>
	2017 £	2016 £	2015 £
Basic earnings per share	<u>1.20</u>	<u>0.37</u>	<u>2.05</u>
Diluted earnings per share	<u>1.20</u>	<u>0.37</u>	<u>2.05</u>

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

## 14 Taxation

	2017 £	2016 £	2015 £
<i>Deferred Tax</i>			
Origination and reversal of timing differences	<u>99,666</u>	<u>(21,214)</u>	<u>7,439</u>
Total deferred tax	<u>99,666</u>	<u>(21,214)</u>	<u>7,439</u>

	2017 £	2016 £	2015 £
<b>Reconciliation of tax charge</b>			
Profit/(loss) for the financial year	219,670	67,262	374,507
Tax on profit on ordinary activities at standard CT rate 20% (2016: 20%; 2015: 20%)	43,934	13,452	74,901
Effects of:			
Expenses not deductible for tax purposes	(44,000)	-	(30,000)
Adjustments for pension contributions paid	(72,930)	(8,200)	(14,400)
Other adjustments in respect of deferred tax (including changes in tax rate)	<u>(26,670)</u>	<u>15,962</u>	<u>(37,940)</u>
Tax charge for the period	<u>(99,666)</u>	<u>21,214</u>	<u>(7,439)</u>

### **Factors affecting tax charge for the year**

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax.

### **Factors that may affect future tax charges**

The William Armes Group has tax losses available to carry forward of £1,720,892 (2016: £1,351,591; 2015: £1,237,583).

## **15 Property, plant and equipment**

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Total</i>
Cost	£	£	£	£	£
At 1 January 2015	2,300,000	301,558	34,876	51,884	2,688,318
Additions	–	1,045	–	15,572	16,617
Disposals	–	–	–	(17,859)	(17,859)
Revaluation	150,000	–	–	–	150,000
<b>At 31 December 2015</b>	<b>2,450,000</b>	<b>302,603</b>	<b>34,876</b>	<b>49,597</b>	<b>2,837,076</b>
Additions	–	5,918	–	9,164	15,082
<b>At 31 December 2016</b>	<b>2,450,000</b>	<b>308,521</b>	<b>34,876</b>	<b>58,761</b>	<b>2,852,158</b>
Additions	–	25,830	–	2,402	28,232
Disposals	–	–	–	–	–
Revaluation	1,275,000	–	–	–	1,275,000
<b>At 31 December 2017</b>	<b>3,725,000</b>	<b>334,351</b>	<b>34,876</b>	<b>61,163</b>	<b>4,155,390</b>
<b>Depreciation</b>					
At 1 January 2015	–	286,673	31,369	33,665	351,707
Charge for the year	35,257	5,221	1,147	7,021	48,646
Disposals	–	–	–	(17,859)	(17,859)
<b>At 31 December 2015</b>	<b>35,257</b>	<b>291,894</b>	<b>32,516</b>	<b>22,827</b>	<b>382,494</b>
Charge for the year	35,257	2,451	1,029	10,356	49,093
<b>At 31 December 2016</b>	<b>70,514</b>	<b>294,345</b>	<b>33,545</b>	<b>33,183</b>	<b>431,587</b>
Charge for the year	–	4,252	1,017	11,272	16,541
Revaluation	(70,514)	–	–	–	(70,514)
<b>At 31 December 2017</b>	<b>–</b>	<b>298,597</b>	<b>34,562</b>	<b>44,455</b>	<b>377,614</b>
<b>Net book value</b>					
At 1 January 2015	2,300,000	14,885	3,507	18,219	2,336,611
At 31 December 2015	2,414,743	10,709	2,360	26,770	2,454,582
At 31 December 2016	2,379,486	14,176	1,331	25,578	2,420,571
At 31 December 2017	3,725,000	35,754	314	16,708	3,777,776

Depreciation is included within administrative expenses.

All property, plant and equipment held by the company are located in the UK.

Included in land and buildings is land with a cost of £687,167 (2016: £687,167) (2015: £687,167) which is not depreciated.

The 2017 valuations were made by Likewise Group Limited (formerly Footfall Distribution Limited), on an open market value for existing use basis. In the year £220,000 of the revaluation gain was taken to the profit and loss for the period (2016: £nil; 2015: £150,000).

## 16 Fixed asset investments

	<i>Listed investments</i>
	£
<b>Cost</b>	
At 1 January 2015	565,468
Additions	1,108
Disposals	(3,391)
Revaluations	(4,627)
	<hr/>
<b>At 31 December 2015</b>	558,558
Additions	5,092
Disposals	(3,736)
Revaluations	26,598
	<hr/>
<b>At 31 December 2016</b>	586,512
Additions	–
Disposals	(586,512)
Revaluations	–
	<hr/>
<b>At 31 December 2017</b>	–
	<hr/> <hr/>
<b>Net book value</b>	
At 1 January 2015	565,468
	<hr/> <hr/>
At 31 December 2015	558,558
	<hr/> <hr/>
At 31 December 2016	586,512
	<hr/> <hr/>
At 31 December 2017	–
	<hr/> <hr/>

## 17 Inventories

	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
Raw materials			103,140
Finished goods and goods for resale	1,093,012	1,165,929	878,175
	<hr/>	<hr/>	<hr/>
	1,093,012	1,165,929	981,315
	<hr/>	<hr/>	<hr/>
Amounts of inventories recognised as an expense during the period as cost of sales are:	1,709,580	1,830,107	2,196,001
	<hr/>	<hr/>	<hr/>

## 18 Trade and other receivables

	2017 £	2016 £	2015 £
<b>Due after one year</b>			
Other debtors	88,839	88,839	88,839
	<u>2017</u> £	<u>2016</u> £	<u>2015</u> £
<b>Due within one year</b>			
Trade receivables	533,754	481,016	548,958
Intercompany receivables	–	–	–
Other receivables	1,130	2,118	49,018
Prepayments	48,695	49,834	–
	<u>583,579</u>	<u>532,968</u>	<u>597,976</u>

The directors consider the carrying value of trade and other receivables is approximate to its fair value.

The William Armes Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

## 19 Cash and cash equivalents

	2017 £	2016 £	2015 £
Cash at bank (GBP)	189,128	377,431	417,147
	<u>189,128</u>	<u>377,431</u>	<u>417,147</u>
Effective interest rate per annum	0.25%	0.50%	0.50%

## 20 Trade and other payables

	2017 £	2016 £	2015 £
Bank loan and overdraft	1,021,935	96,049	96,049
Trade payables	177,447	284,501	66,058
Intercompany payables	–	–	–
Other taxation and social security	119,682	130,732	166,105
Other payables	–	3,242	135,349
Accruals	50,026	65,935	17,167
	<u>1,369,090</u>	<u>580,459</u>	<u>480,728</u>

The normal trade credit terms granted to the group range from 30 to 60 days.

## 21 Trade and other payables non-current

	2017 £	2016 £	2015 £
Bank loans secured	–	936,450	993,994
	<u>–</u>	<u>936,450</u>	<u>993,994</u>

## 22 Loans and borrowings

The currency profile of the William Armes Group's loans and borrowings are as follows:

	2017 £	2016 £	2015 £
Bank loans (GBP)	1,021,935	1,032,499	1,090,043
	<u>1,021,935</u>	<u>1,032,499</u>	<u>1,090,043</u>

### Bank borrowings

	2017 £	2016 £	2015 £
Expiry within 1 year	1,021,935	96,049	96,049
Expiry with 1 and 2 years	–	96,049	96,049
Expiry in more than 2 years	–	840,401	897,945
	<u>1,021,935</u>	<u>1,032,499</u>	<u>1,090,043</u>

## 23 Pension commitments

The William Armes Group operates a final salary defined benefit pension scheme, which is funded. The Scheme is closed to future accrual. For pensions earned after 5 April 1997 and for the Guaranteed Minimum Pensions earned between 6 April 1988 and 5 April 1997, increase in payment will be in line with CPI rather than RPI. Revaluation of pensions in deferment are linked to RPI.

The defined benefit pension scheme is funded by the payment of contributions to a separate trustee administered fund. The assets of the scheme are held separately from those of the William Armes Group. The contributions are determined with the advice of independent actuaries on the basis of triennial valuations, the last full valuation was completed by an independent qualified actuary at 31 December 2014.

The contribution made for the year ended 31 December 2017 was £55,000 (2016 – £55,000, 2015 – £55,000).

It has been agreed with the trustees that contributions for the next year will be £20,000 (2016 – £55,000).

The William Armes 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 amounted to £55,190 (2016 – £58,953, 2015 – 63,050).

### Reconciliation of present value of plan liabilities:

	2017 £	2016 £	2015 £
At the beginning of the year	2,049,000	2,462,000	2,434,000
Interest cost	50,000	78,000	81,000
Actuarial gains/(losses)	(17,000)	219,000	28,000
Benefits paid	(235,000)	(710,000)	81,000
<b>At the end of the year</b>	<u>1,847,000</u>	<u>2,049,000</u>	<u>2,462,000</u>

Composition of plan liabilities:

	2017 £	2016 £	2015 £
Schemes wholly or partly funded	1,847,000	2,049,000	2,462,000
Total plan liabilities	<u>1,847,000</u>	<u>2,049,000</u>	<u>2,462,000</u>

## Reconciliation of present value of plan assets:

	2017	2016	2015
	£	£	£
At the beginning of the year	1,362,000	2,055,000	1,979,000
Interest income	47,000	64,000	67,000
Actuarial gains/(losses)	(36,000)	(102,000)	35,000
Contributions	699,000	55,000	55,000
Benefits paid	(235,000)	(710,000)	(81,000)
<b>At the end of the year</b>	<b>1,837,000</b>	<b>1,362,000</b>	<b>2,055,000</b>

## Composition of plan assets:

	2017	2016	2015
	£	£	£
Equities/ Property	1,515,000	270,000	1,741,000
Bonds	–	–	286,000
Cash	322,000	1,092,000	28,000
Total plan assets	<b>1,837,000</b>	<b>1,362,000</b>	<b>2,055,000</b>

	2017	2016	2015
	£	£	£
Fair value of plan assets	1,837,000	1,362,000	2,055,000
Present value of plan liabilities	(1,847,000)	(2,049,000)	(2,462,000)
Net pension scheme liability	<b>(10,000)</b>	<b>(687,000)</b>	<b>(407,000)</b>

## The amounts recognised in the Consolidated statement of comprehensive income are as follows:

	2017	2016	2015
	£	£	£
Interest on obligation	(50,000)	(78,000)	(81,000)
Interest income on plan assets	47,000	64,000	98,000
<b>Total</b>	<b>(3,000)</b>	<b>(14,000)</b>	<b>17,000</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £19,000 (2016 – £321,000, 2015 – £24,000).

## Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2017	2016	2015
	%	%	%
Discount rate	2.4	2.6	3.7
Future pension increases	2.7	2.7	2.6
Inflation assumption	3.2	3.2	3.1
Mortality rates			
– for a male aged 65 now	1.5	1.5	PCA00mc
– for a female aged 65 now	1.0	1.0	PCA00mc

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined by reference to market yields at the year end based on high quality corporate bonds of equivalent currency and term to the scheme liabilities. The key assumptions are considered to be inflation and discount rates. In preparing the valuation, management and the independent actuaries considered a range of values for those assumptions and were satisfied that the values arrived at provide the most accurate valuation of the scheme.

The sensitivity of the value of the liabilities to changes in assumptions is set out in the following table:

	<i>Change in assumption</i>	<i>Impact on liability</i>
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 6.3%
Inflation	Increase/decrease by 0.5%	Increase/decrease by 5.8%
Mortality	Decrease/increase by 10%*	Increase/decrease by 3.8%

\*Equivalent to increase/decrease in life expectancy of around 0.75 years.

## 24 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 William Armes Group does not hold any financial instruments measured at fair value through profit or loss.

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

### **Financial assets**

	<i>Loans &amp; Receivables</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
<i>Non-current</i>			
Fixed asset investments	–	586,512	558,558
<i>Current</i>			
Trade receivables	533,754	481,016	548,958
Intercompany receivables	–	–	–
Other receivables	1,130	2,118	49,018
Cash and cash equivalents	189,128	377,431	417,147
	<u>724,012</u>	<u>1,447,077</u>	<u>1,573,681</u>

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

## Financial liabilities

	Measured at amortised cost		
	2017	2016	2015
	£	£	£
<i>Non-current</i>			
Borrowings	–	936,450	993,994
<i>Current</i>			
Bank loans and overdrafts	1,021,935	96,049	96,049
Trade payables	177,447	284,501	66,058
Other payables	–	3,242	135,349
Accruals	50,026	65,935	17,167
	<u>1,249,408</u>	<u>1,386,177</u>	<u>1,308,617</u>

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.

## 25 Financial instrument risk exposure and management

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

This note describes the William Armes 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 William Armes 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.

Trade receivables are aged at the year end as detailed below:

	2017	2016	2015
	£	£	£
Current	–	–	–
Not more than 30 days	533,754	481,016	548,958
More than 30 days but not more than 60 days	–	–	–
More than 60 days but not more than 90 days	–	–	–
More than 90 days	–	–	–
	<u>533,754</u>	<u>481,016</u>	<u>548,958</u>

The group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2017 year end this amounts to £724,012 (2016: £860,565; 2015: £1,015,123).

### Interest rate risk

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

### **Foreign exchange risk**

Most of the William Armes Group's transactions are carried out in GBP. Exposures to foreign currency exchange rates arise from the William Armes Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR. The William Armes Group does not hold cash balances in foreign currencies; therefore, transactional risk is considered manageable.

The William Armes Group does not hold material non domestic balances and currently does not consider it necessary to take any action to mitigate foreign exchange risk due to the immateriality of that risk.

### **Liquidity risk**

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

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

The table below shows the undiscounted cash flows on the William Armes Group's financial liabilities as at 31 December 2017, 2016 and 2015 on the basis of their earliest possible contractual maturity.

#### **At 31 December 2015**

	<i>Total</i> £	<i>On demand</i> £	<i>Within</i> <i>3 months</i> £	<i>3 - 12</i> <i>months</i> £	<i>1-2 years</i> £	<i>Greater than</i> <i>2 years</i> £
Bank loan	1,090,043	96,049	–	–	96,049	897,945
Trade payables	66,058	66,058	–	–	–	–
Intercompany payables	–	–	–	–	–	–
Other taxation and social security	166,105	–	166,105	–	–	–
Other payables	135,349	–	135,349	–	–	–
Accruals	17,167	–	17,167	–	–	–
	<u>1,474,722</u>	<u>162,107</u>	<u>318,621</u>	<u>–</u>	<u>96,049</u>	<u>897,945</u>

#### **At 31 December 2016**

	<i>Total</i> £	<i>On demand</i> £	<i>Within</i> <i>3 months</i> £	<i>3 - 12</i> <i>months</i> £	<i>1-2 years</i> £	<i>Greater than</i> <i>2 years</i> £
Bank loan	1,032,499	96,049	–	–	96,049	840,401
Trade payables	284,501	284,501	–	–	–	–
Intercompany payables	–	–	–	–	–	–
Other taxation and social security	130,732	–	130,732	–	–	–
Other payables	3,242	–	3,242	–	–	–
Accruals	65,935	–	65,935	–	–	–
	<u>1,516,909</u>	<u>380,550</u>	<u>199,909</u>	<u>–</u>	<u>96,049</u>	<u>840,401</u>

**At 31 December 2017**

	<i>Total</i>	<i>On demand</i>	<i>Within</i>	<i>3 - 12</i>	<i>1-2 years</i>	<i>Greater than</i>
	<i>£</i>	<i>£</i>	<i>3 months</i>	<i>months</i>	<i>£</i>	<i>2 years</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Bank loan	1,021,935	1,021,935	–	–	–	–
Trade payables	177,447	177,447	–	–	–	–
Intercompany payables	–	–	–	–	–	–
Other taxation and social security	119,682	–	119,682	–	–	–
Other payables	–	–	–	–	–	–
Accruals	50,026	–	50,026	–	–	–
	<u>1,369,090</u>	<u>1,199,382</u>	<u>169,708</u>	<u>–</u>	<u>–</u>	<u>–</u>

**26 Capital management**

The William Armes 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 Consolidated statement of financial position as detailed below:

	<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Equity	4,181,899	2,940,994	3,216,695
Bank overdraft/ loan	1,021,935	1,032,499	1,090,043
Cash and cash equivalents	139,383	377,431	417,147
	<u>5,428,671</u>	<u>4,350,924</u>	<u>4,723,885</u>

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.

There was no change in the group's approach to capital management during the financial periods under review. The debt-to-equity ratio of the group at the end of the financial year is not presented as its cash and cash equivalents exceeded the total debts.

**27 Deferred tax**

	<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At beginning of year	(13,775)	7,439	–
Charged to profit or loss	99,666	(21,214)	7,439
At end of year	<u>85,891</u>	<u>(13,775)</u>	<u>7,439</u>

The provision for deferred taxation is made up as follows:

	<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Accelerated capital allowances	40,074	27,347	–
Pension deficit/(surplus)	45,817	(41,122)	7,439
At end of year	<u>85,891</u>	<u>(13,775)</u>	<u>7,439</u>

## 28 Share capital

	2017 No.	2016 No.	2015 No.
Share capital	<u>182,800</u>	<u>182,800</u>	<u>182,800</u>
	2017 £	2016 £	2015 £
182,800 fully paid £1 ordinary shares	<u>182,800</u>	<u>182,800</u>	<u>182,800</u>

### Revaluation reserve

The revaluation reserve includes all current and prior year period gains and losses on property fair values.

### Retained earnings

The profit and loss account includes all current and prior period retained profits and losses.

### Available for sale reserve

The available for sale reserve includes all current and prior period gains and losses on fixed asset investments.

## 29 Operating leases

Operating lease commitments relate to plant and machinery.

Payments recognised as an expense are disclosed in note 4 and include the cost of short term hire of plant and machinery.

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

	2017 £	2016 £	2015 £
Not later than 1 year	32,422	41,310	29,208
Later than 1 year and not later than 5 years	<u>9,424</u>	<u>30,518</u>	<u>17,364</u>
	<u>41,846</u>	<u>71,828</u>	<u>46,572</u>

There are no purchase options available at the end of the lease period.

## 30 Related party transactions

Key management personnel are identified as the Executive directors and their remuneration is disclosed as follows:

	2017 £	2016 £	2015 £
<b>Remuneration of key management</b>			
Remuneration	129,538	139,617	170,365
Social security costs	15,207	17,298	21,798
Company pension contribution to defined contribution schemes	<u>23,054</u>	<u>31,633</u>	<u>33,564</u>
	<u>167,799</u>	<u>188,548</u>	<u>225,727</u>

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

	2017	2016	2015
	£	£	£
<b>Amounts owed to directors</b>			
Expenses owed to a director	–	–	698

### **31 Ultimate controlling party**

On 9 January 2018, Likewise Group PLC, a company incorporated in England and Wales acquired 100 per cent. of the share capital of William Armes Holdings Limited and became the ultimate controlling party.

### **32 Nature of financial information**

The financial information presented above does not constitute statutory financial statements for the period under review.

## PART IV

### HISTORICAL FINANCIAL INFORMATION

#### SECTION 5 – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF BRUCE STARKE AND CO. LIMITED



9 January 2019

The Directors  
Likewise Group PLC  
Church Field Road  
Sudbury  
CO10 2YA

The Directors  
Zeus Capital Limited  
82 King Street  
Manchester  
M2 4WQ

Dear Sirs,

#### Introduction

We report on the audited historical financial information of Bruce Starke and Co Limited (“Bruce Starke”) for the three years ended 31 December 2017 (the “Bruce Starke Financial Information”). The Bruce Starke Financial Information has been prepared for inclusion in Part IV “*Historical Financial Information*” of Likewise Group PLC’s (the “Company”) Listing Document dated 9 January 2019 (the “Listing Document”), on the basis of the accounting policies set out in note 3 of this Section. This report is required by paragraph 9.6.1.1 of The International Stock Exchange Listing Rules (the “TISEA Listing Rules”) and is given for the purposes of complying with the TISEA Listing Rules and for no other purpose.

#### Responsibilities

The directors of the Company (the “Directors”) are responsible for preparing the Bruce Starke Financial Information on the basis of preparation set out in note 2 of this Section and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

It is our responsibility to form an opinion on the Bruce Starke Financial Information as to whether the Bruce Starke Financial Information gives a true and fair view, for the purposes of the Listing Document, and to report our opinion to you.

Save for any responsibility arising under paragraph 9.6.1.1 of the TISEA Listing Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 9.6.1.1 of the TISEA Listing Rules, consenting to its inclusion in the Listing Document.

#### Basis for Qualified Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Bruce Starke Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial

Crowe U.K. LLP  
Chartered Accountants  
Member of Crowe Global  
St Bride’s House  
10 Salisbury Square  
London EC4Y 8EH, UK  
Tel +44 (0)20 7842 7100  
Fax +44 (0)20 7583 1720  
DX: 0014 London Chancery Lane  
www.crowe.co.uk

statements underlying the Bruce Starke Financial Information and whether the accounting policies are appropriate to Bruce Starke's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bruce Starke Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

With respect to inventory, with carrying amounts of £900,267, £863,772 and £744,645, as at 31 December 2017, 2016 and 2015 respectively, the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2017, 2016 and 2015, since that date was prior to our appointment as auditor of the company. We were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. The limitation on evidence of existence of stock at the beginning of the period means that we were unable to obtain sufficient audit evidence to confirm the costs of sales recognised in the Bruce Starke Financial Information.

### **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above the Bruce Starke Financial Information gives, for the purposes of the Listing Document, a true and fair view of the state of affairs of Bruce Starke as at each of 31 December 2017, 31 December 2016 and 31 December 2015 and of the results, cash flows and changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 of this Section, has been prepared in accordance with IFRS and that it has been prepared in a form that is consistent with the accounting policies adopted by the Group.

### **Declaration**

For the purposes of paragraph 9.6.1.1 of the TISEA Listing Rules, we are responsible for this report as part of the Listing Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Listing Document in compliance with 9.6.1.1 of the TISEA Listing Rules.

Yours faithfully,

**Crowe U.K. LLP**

*Chartered Accountants*

**AUDITED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF BRUCE STARKE & CO. LIMITED**

**Statement of comprehensive income**

The statements of comprehensive income of Bruce Starke & Co. for each of the three years ended 31 December 2017 are set out below:

		<i>Year ended</i> <i>31 December</i> <i>2017</i>	<i>Year ended</i> <i>31 December</i> <i>2016</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	<i>Notes</i>	£	£	£
<b>Revenue</b>	3	3,040,831	2,899,612	2,752,353
Cost of sales		<u>(2,210,702)</u>	<u>(2,038,929)</u>	<u>(1,912,875)</u>
<b>Gross profit</b>		830,129	860,683	839,478
Distribution costs		(394,354)	(394,975)	(362,416)
Administrative expenses		<u>(362,081)</u>	<u>(295,177)</u>	<u>(340,311)</u>
<b>Operating profit</b>		73,694	170,531	136,752
Finance income	9	<u>827</u>	<u>698</u>	<u>124</u>
<b>Profit before taxation</b>		74,521	171,229	136,876
Income tax expense	10	<u>(3,130)</u>	<u>(42,097)</u>	<u>(31,588)</u>
<b>Profit for the financial year</b>		<u>71,391</u>	<u>129,132</u>	<u>105,288</u>
<b>Total comprehensive income for the financial year</b>		<u>71,391</u>	<u>129,132</u>	<u>105,288</u>
<b>Profit for the financial year attributable to:</b>				
The company's equity shareholders		<u>71,391</u>	<u>129,132</u>	<u>105,288</u>
Basic earnings per share	11	<u>0.72</u>	<u>1.30</u>	<u>1.06</u>
Diluted earnings per share	11	<u>0.72</u>	<u>1.30</u>	<u>1.06</u>

## Statement of financial position

The statements of financial position of Bruce Starke & Co. as at 31 December 2015, 2016 and 2017 are set out below:

		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>Notes</i>	£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	1,723,463	1,761,073	1,790,421
<b>Current assets</b>				
Inventories	14	900,267	863,772	744,645
Trade and other receivables	15	509,828	466,044	493,282
Cash and cash equivalents	16	242,728	354,438	306,207
		<u>1,652,823</u>	<u>1,684,254</u>	<u>1,544,134</u>
<b>Current liabilities</b>				
Trade and other payables	17	<u>(374,105)</u>	<u>(293,969)</u>	<u>(312,422)</u>
		<u>(374,105)</u>	<u>(293,969)</u>	<u>(312,422)</u>
<b>Net current assets</b>				
		1,278,718	1,390,285	1,231,712
<b>Non-current liabilities</b>				
Deferred tax	21	<u>(82,857)</u>	<u>(103,425)</u>	<u>(103,332)</u>
		<u>(82,857)</u>	<u>(103,425)</u>	<u>(103,332)</u>
<b>Net assets</b>				
		<u>2,919,324</u>	<u>3,047,933</u>	<u>2,918,802</u>
<b>Equity</b>				
Share capital	22	99,246	99,246	99,246
Retained earnings		1,737,410	1,869,543	1,730,310
Revaluation reserve		1,082,668	1,079,144	1,089,246
<b>Total equity</b>				
		<u>2,919,324</u>	<u>3,047,933</u>	<u>2,918,802</u>

## Statement of changes in equity

The statements of changes in equity of Bruce Starke & Co. for each of the three years ended 31 December 2017 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2015</b>	99,246	1,711,481	1,102,787	2,913,514
Profit for the year	–	105,288	–	105,288
Dividends	–	(100,000)	–	(100,000)
Transfer of depreciation	–	13,541	(13,541)	–
<b>Total comprehensive income for the year</b>	–	18,829	(13,541)	5,288
<b>Balance at 31 December 2015</b>	<u>99,246</u>	<u>1,730,310</u>	<u>1,089,246</u>	<u>2,918,802</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2016</b>	99,246	1,730,310	1,089,246	2,918,802
Profit for the year	–	129,132	–	129,132
Transfer of depreciation	–	10,101	(10,101)	–
<b>Total comprehensive income for the year</b>	–	139,233	(10,101)	129,132
<b>Balance at 31 December 2016</b>	<u>99,246</u>	<u>1,869,543</u>	<u>1,079,144</u>	<u>3,047,933</u>
	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Revaluation reserve</i> £	<i>Total</i> £
<b>Balance at 1 January 2017</b>	99,246	1,869,543	1,079,144	3,047,933
Profit for the year	–	71,391	–	71,391
Dividends	–	(200,000)	–	(200,000)
Transfer of depreciation	–	(3,524)	3,524	–
<b>Total comprehensive loss for the year</b>	–	(132,133)	3,524	(128,609)
<b>Balance at 31 December 2017</b>	<u>99,246</u>	<u>1,737,410</u>	<u>1,082,668</u>	<u>2,919,324</u>

## Statement of cash flows

The statements of cash flows of Bruce Starke & Co. for the three years ended 31 December 2015, 2016 and 2017 are set out below:

	<i>Year ended</i> <i>31 December</i> <i>2017</i> £	<i>Year ended</i> <i>31 December</i> <i>2016</i> £	<i>Year ended</i> <i>31 December</i> <i>2015</i> £
<i>Notes</i>			
<b>Cash flows from operating activities</b>			
Profit for the year	71,391	129,132	105,288
Adjustments for:			
Depreciation of non-current assets	37,610	38,182	38,102
Finance income recognised in profit or loss	(827)	(698)	(124)
Income tax recognised in profit or loss	3,130	42,097	31,588
	<u>111,304</u>	<u>208,713</u>	<u>174,854</u>
(Increase)/decrease in inventories	(36,495)	(119,127)	40,422
(Increase)/decrease in trade and other receivables	(43,784)	27,238	(71,220)
Increase/(decrease) in trade and other payables	98,442	(22,367)	89,723
	<u>129,467</u>	<u>94,457</u>	<u>233,779</u>
<b>Cash flows from operations</b>	129,467	94,457	233,779
Income tax paid	(42,004)	(37,201)	(14,768)
	<u>87,463</u>	<u>57,255</u>	<u>219,011</u>
<b>Net cash inflow from operating activities</b>	87,463	57,255	219,011
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	–	(8,834)	(2,054)
Interest received	827	698	124
	<u>827</u>	<u>(8,136)</u>	<u>(1,930)</u>
<b>Net cash used in investing activities</b>	827	(8,136)	(1,930)
<b>Net cash flow from financing activities</b>			
Dividends paid	(200,000)	–	(100,000)
	<u>(200,000)</u>	<u>–</u>	<u>(100,000)</u>
<b>Net cash used in financing activities</b>	(200,000)	–	(100,000)
<b>Net increase in cash and cash equivalents</b>	(111,710)	49,119	117,081
Cash and cash equivalents at the beginning of financial year	354,438	305,319	188,238
	<u>242,728</u>	<u>354,438</u>	<u>305,319</u>
<b>Cash and cash equivalents at end of financial year</b>	242,728	354,438	305,319
<b>Comprising</b>			
Cash at bank	16	242,728	354,438
Bank overdrafts	17	–	–
		<u>242,728</u>	<u>305,319</u>
		<u><u>242,728</u></u>	<u><u>305,319</u></u>

## Notes to the financial information

### 1 General information

Bruce Starke & Co Limited is a private company limited by shares and was incorporated on 10 July 1934 in England. The registered company number is 00290045 and the address of the registered office is 102 Willbye Avenue, Diss, IP22 4NP. The principal place of business is Langton Green, Eye, Suffolk, IP23 7HN.

The principal activity of the company is that of wholesale floorcoverings.

### 2 Basis of preparation

The historical financial information of the company for the years presented, has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU and IFRIC interpretations.

All accounting policies disclosed below apply to the company for the years presented, unless otherwise explicitly stated.

The company has adopted IFRS for the first time in this historical financial information.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on going process of review and endorsement by the European Commission. The accounting policies disclosed below comply with each IFRS that is mandatory for accounting periods ended on 31 December 2017.

The financial information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3 Accounting policies

#### **Revenue recognition**

Revenue comprises revenue recognised in respect of goods and services supplied during the period, and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

#### **Sale of goods**

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

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

#### **Finance income and costs**

Interest income and expense are 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

### **Property, plant and equipment**

Property, plant and equipment 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 profit or loss 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% on cost and valuation of buildings
Plant and machinery	–	15% on written down value
Fixtures and fittings	–	15% & 20% on written down value
Computer equipment	–	33% on cost

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 profit or loss.

### **Inventory**

Inventory is valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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 profit or loss.

### **Cash at bank**

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

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.

### **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.

### **Financial assets**

The company classifies its financial assets as "loans and receivables" and assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

### **Financial liabilities**

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method (the "EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Bank overdrafts, are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least 12 months after the year end.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Foreign currency**

#### *Functional and Presentation Currency*

The financial information is presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial information is presented in British Sterling ("£"), which is the company's functional currency and the presentation currency.

#### *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### **Current taxation**

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

### **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 profit or loss, 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.

### ***Employment benefits***

Provision is made in the financial information 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 year end date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to profit or loss in the period to which the contributions relate.

### ***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The interest element of finance lease payments is charged to profit or loss as finance costs over the period of the lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### ***Equity***

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

## **4 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 company.

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:

<i>New/Revised International Financial Reporting Standards</i>	<i>Effective date: Annual periods beginning on or after:</i>	<i>EU adopted</i>
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018	Yes
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes
IFRS 16 Leases	1 January 2019	Yes

The directors do not expect that the adoption of IFRS 9, IFRS 15 or IFRS 16 will have a material impact on the financial statements of the company in future periods. The adoption of IFRS 15, however, may require significant additional disclosures.

The directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

### **IFRS 9 'Financial Instruments'**

The new standard for financial instruments (IFRS9) introduces extensive changes to IAS39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management have assessed the impact of IFRS 9. The main areas of expected impact are as follows:

- the classification and measurement of the company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed; and
- an expected credit loss based impairment will need to be recognised on the company's trade receivables and investments in debt type assets currently classified as assets for sale and held to maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

The directors are of the opinion that the adoption of IFRS 9 will not have a material impact on the financial statements.

### **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 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 will be recognised when a customer obtains control of the goods.

The directors are of the opinion that the adoption of IFRS 15 will not have a material impact on the financial statements.

### **IFRS 16 'Leases'**

IFRS16 will replace IAS17 and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right of use asset and a lease liability.

The company has completed an initial assessment of the potential impact on the financial statements but has not yet completed a detailed assessment.

The company have followed the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one off choices;
- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right of use assets;
- assessing the additional disclosures that will be required; and
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions.

The directors are of the opinion that the adoption of IFRS 16 will not have a material impact on the financial statements.

## 5 Judgements and key sources of estimation uncertainty

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

### – Property valuation

In determining the valuation as at 1 January 2015, the directors have considered a formal valuation undertaken on 31 August 2016 and external economic factors that applied in between these dates.

### – Provision and impairment

The company has reserved amounts for impairment of trade debtors in its financial information which require management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these amounts are based on historical experience and other reasonable factors.

### – Inventory valuation

This is provided for on the basis of the age of the items and dependent on the frequency of component use.

### – Impairment of non-financial assets

At each balance sheet 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 profit or loss immediately.

### **Going concern**

The directors believe that the company will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

## **6 Segmental reporting**

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and assess their performance.

### **Geographical segments**

The analysis of the company's revenue by geographical segments based on customers' locations is as follows:

	2017 £	2016 £	2015 £
UK	3,040,831	2,899,612	2,752,353
	<u>3,040,831</u>	<u>2,899,612</u>	<u>2,752,353</u>

The UK is the company's only operating segment.

The company's only operating segment is for the sale of mats.

## **7 Profit before taxation**

Profit before taxation is arrived at after charging:

	2017 £	2016 £	2015 £
Depreciation of tangible assets	37,610	38,182	38,102
Difference on foreign exchange	(19)	(353)	(5,992)
Operating lease expense: – plant	9,256	19,680	18,926
	<u>9,256</u>	<u>19,680</u>	<u>18,926</u>

## **8 Directors and employees**

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

	2017 £	2016 £	2015 £
<b>Staff costs</b>			
Wages and salaries	406,970	393,290	368,155
Social security costs	36,725	25,375	35,985
Pension costs	2,447	3,712	–
	<u>446,142</u>	<u>422,377</u>	<u>404,139</u>

Average monthly number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.	2015 No.
Production	8	8	8
Non-production	11	11	9

### Remuneration of directors

	2017 £	2016 £	2015 £
Remuneration	59,028	68,921	76,843
Social security costs	5,711	6,412	8,373
Employer pension contribution to defined contribution schemes	82	82	–
	<u>64,821</u>	<u>75,415</u>	<u>85,216</u>

  

	2017 No.	2016 No.	2015 No.
Directors accruing benefits under money purchase pension schemes	2	2	–

### 9 Finance income

	2017 £	2016 £	2015 £
Bank interest receivable	36	113	124
Other interest receivable	791	585	–
	<u>827</u>	<u>698</u>	<u>124</u>

### 10 Taxation on ordinary activities

#### Analysis of charge in the period

	2017 £	2016 £	2015 £
Current tax	23,698	42,004	37,201
Deferred tax	(20,568)	93	(5,613)
	<u>3,130</u>	<u>42,097</u>	<u>31,588</u>

  

	2017 £	2016 £	2015 £
<b>(Loss)/profit on ordinary activities before taxation</b>	<u>74,521</u>	<u>171,229</u>	<u>136,876</u>
(Loss)/profit on ordinary activities by rate of tax (2017: 19.25%, 2016: 20%, 2015: 20.25%)	14,345	34,246	27,717
Fixed asset differences	(3,841)	1,150	3,368
Expenses not deductible for tax purposes	2,236	40	2,725
Tax rate adjustments	(9,610)	6,661	(380)
Under provision - deferred taxes	–	–	(1,842)
	<u>3,130</u>	<u>42,097</u>	<u>31,588</u>

## 11 Earnings per share

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

	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
Earnings attributable to equity holders of the company	<u>71,391</u>	<u>129,132</u>	<u>105,288</u>
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Weighted average number of shares in issue	<u>99,246</u>	<u>99,246</u>	<u>99,246</u>
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
Basic earnings per share	<u>0.72</u>	<u>1.30</u>	<u>1.06</u>
Diluted earnings per share	<u>0.72</u>	<u>1.30</u>	<u>1.06</u>

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

## 12 Intangible assets

	<i>Goodwill</i> £
<b>Cost</b>	
At 1 January 2015	74,230
Additions	–
Disposals	–
	<hr/>
<b>At 31 December 2015</b>	74,230
Additions	–
Disposals	–
	<hr/>
<b>At 31 December 2016</b>	74,230
Additions	–
Disposals	–
	<hr/>
<b>At 31 December 2017</b>	<u>74,230</u>
<b>Amortisation</b>	
At 1 January 2015	74,230
Charge for the year	–
Disposals	–
	<hr/>
<b>At 31 December 2015</b>	74,230
Charge for the year	–
Disposals	–
	<hr/>
<b>At 31 December 2016</b>	74,230
Charge for the year	–
Disposals	–
	<hr/>
<b>At 31 December 2017</b>	<u>74,230</u>
<b>Net book value</b>	
At 1 January 2015	–
	<hr/>
At 31 December 2015	–
	<hr/>
At 31 December 2016	–
	<hr/>
At 31 December 2017	<u>–</u>

### 13 Property, plant and equipment

	<i>Freehold land &amp; property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
<b>Cost</b>				
At 1 January 2015	1,800,000	54,505	139,915	1,994,421
Additions	–	440	1,614	2,054
Disposals	–	–	–	–
<b>At 31 December 2015</b>	<u>1,800,000</u>	<u>54,945</u>	<u>141,529</u>	<u>1,996,475</u>
Additions	–	3,661	5,173	8,834
Disposals	–	–	–	–
<b>At 31 December 2016</b>	<u>1,800,000</u>	<u>58,606</u>	<u>146,702</u>	<u>2,005,309</u>
Additions	–	–	–	–
Disposals	–	–	–	–
<b>At 31 December 2017</b>	<u><u>1,800,000</u></u>	<u><u>58,606</u></u>	<u><u>146,702</u></u>	<u><u>2,005,309</u></u>
<b>Depreciation</b>				
At 1 January 2015	–	43,572	124,379	167,952
Charge for the year	32,000	1,642	4,460	38,102
Disposals	–	–	–	–
<b>At 31 December 2015</b>	<u>32,000</u>	<u>45,214</u>	<u>128,839</u>	<u>206,054</u>
Charge for the year	32,000	1,553	4,629	38,182
Disposals	–	–	–	–
<b>At 31 December 2016</b>	<u>64,000</u>	<u>46,767</u>	<u>133,468</u>	<u>244,236</u>
Charge for the year	32,000	1,778	3,832	37,610
Disposals	–	–	–	–
<b>At 31 December 2017</b>	<u><u>96,000</u></u>	<u><u>48,545</u></u>	<u><u>137,300</u></u>	<u><u>281,846</u></u>
<b>Net book value</b>				
At 1 January 2015	<u>1,800,000</u>	<u>10,933</u>	<u>15,536</u>	<u>1,826,469</u>
At 31 December 2015	<u>1,768,000</u>	<u>9,731</u>	<u>12,690</u>	<u>1,790,421</u>
At 31 December 2016	<u>1,736,000</u>	<u>11,839</u>	<u>13,234</u>	<u>1,761,073</u>
At 31 December 2017	<u><u>1,704,000</u></u>	<u><u>10,061</u></u>	<u><u>9,402</u></u>	<u><u>1,723,463</u></u>

Depreciation is included within administrative expenses.

All property, plant and equipment held by the company are located in the UK.

In accordance with IFRS transition rules, the freehold land and property's cost is deemed to be its valuation as at 1 January 2015, which derives from a formal valuation undertaken on 31 August 2016 by a commercial surveyor from Fenn Wright.

### 14 Inventories

	<i>2017</i> £	<i>2016</i> £	<i>2015</i> £
Finished goods and goods for resale	<u>900,267</u>	<u>863,772</u>	<u>744,645</u>
	<u><u>900,267</u></u>	<u><u>863,772</u></u>	<u><u>744,645</u></u>

	2017 £	2016 £	2015 £
Amounts of inventories recognised as an expense during the period as cost of sales are:	<u>1,867,053</u>	<u>1,747,665</u>	<u>1,667,989</u>

The cost of inventory is arrived at by adding the value of purchased inventory in the period to the value of opening inventory and removing the value of closing inventory. The cost is measured on a FIFO (First-In-First-Out) basis.

### 15 Trade and other receivables

	2017 £	2016 £	2015 £
Trade receivables	470,186	419,616	475,945
Other receivables	20,560	26,769	255
Prepayments	19,082	19,659	17,082
	<u>509,828</u>	<u>466,044</u>	<u>493,282</u>

The directors consider the carrying value of trade and other receivables is approximate to its fair value.

The company's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case by case basis.

### 16 Cash and cash equivalents

	2017 £	2016 £	2015 £
Cash at bank (GBP)	202,266	312,621	306,182
Cash at bank (EUR)	40,433	41,786	–
Cash in hand (GBP and various currencies)	29	31	26
	<u>242,728</u>	<u>354,438</u>	<u>306,207</u>
Effective interest rate per annum	0.25%	0.50%	0.50%

### 17 Trade and other payables

	2017 £	2016 £	2015 £
Bank loans and overdrafts	–	–	888
Trade payables	190,588	93,719	111,010
Corporation tax	23,698	42,004	37,202
Other taxation and social security	98,810	102,403	120,062
Other payables	1,516	1,351	–
Accruals	59,493	54,492	43,260
	<u>374,105</u>	<u>293,969</u>	<u>312,422</u>

The normal trade credit terms granted to the company range from 30 to 60 days.

## 18 Financial instruments

### Classification of financial instruments

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

#### Financial assets

	<i>Loans &amp; Receivables</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
Trade receivables	470,186	419,616	475,945
Other receivables	20,560	26,769	255
Cash and cash equivalents	242,728	354,438	306,207
	<u>733,474</u>	<u>800,823</u>	<u>782,408</u>

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

#### Financial liabilities

	<i>Measured at amortised cost</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	£	£	£
Trade payables	190,588	93,719	111,010
Other payables	1,516	1,351	–
Accruals	59,493	54,492	43,260
Bank overdrafts	–	–	888
	<u>251,597</u>	<u>149,562</u>	<u>155,158</u>

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.

## 19 Financial instrument risk exposure and management

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

In respect of trade and other receivables, the company 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.

Trade receivables are aged at the year end as detailed below:

	2017 £	2016 £	2015 £
Current	179,852	150,612	181,738
Not more than 30 days	192,567	166,265	189,922
More than 30 days but not more than 60 days	77,054	80,188	69,290
More than 60 days but not more than 90 days	18,008	20,215	27,587
More than 90 days	2,705	2,336	7,408
	<u>470,186</u>	<u>419,616</u>	<u>475,945</u>

The company's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2017 year end this amounts to £733,474 (2016: £800,823; 2015: £796,947).

### **Interest rate risk**

The company's only exposure to interest rate risk is the interest received on the cash held on deposit and employee loans, which is immaterial.

### **Foreign exchange risk**

Most of the company's transactions are carried out in GBP. Exposures to foreign currency exchange rates arise from the company's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR. Cash balances held in these currencies are relatively immaterial (see note above) and transactional risk is considered manageable.

The company does not hold material non domestic balances and currently does not consider it necessary to take any action to mitigate foreign exchange risk due to the immateriality of that risk.

### **Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the company 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 company is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the undiscounted cash flows on the company's financial liabilities as at 31 December 2017, 2016 and 2015, on the basis of their earliest possible contractual maturity.

### **At 31 December 2015**

	Total £	On demand £	Within 3 months £	3-12 months £	1-2 years £	Greater than 2 years £
Bank loans and overdrafts	888	888				
Trade payables	111,010	111,010	-	-	-	
Accruals	43,260	-	43,260	-	-	-
	<u>155,158</u>	<u>111,898</u>	<u>43,260</u>	<u>-</u>	<u>-</u>	<u>-</u>

## At 31 December 2016

	<i>Total</i> £	<i>On demand</i> £	<i>Within</i> <i>3 months</i> £	<i>3-12</i> <i>months</i> £	<i>1-2 years</i> £	<i>Greater than</i> <i>2 years</i> £
Trade payables	93,719	93,719	–	–	–	–
Other payables	1,351	–	1,351	–	–	–
Accruals	54,492	–	54,492	–	–	–
	<u>149,562</u>	<u>93,719</u>	<u>55,843</u>	<u>–</u>	<u>–</u>	<u>–</u>

## At 31 December 2017

	<i>Total</i> £	<i>On demand</i> £	<i>Within</i> <i>3 months</i> £	<i>3-12</i> <i>months</i> £	<i>1-2 years</i> £	<i>Greater than</i> <i>2 years</i> £
Trade payables	190,588	190,588	–	–	–	–
Other payables	1,516	–	1,516	–	–	–
Accruals	59,493	–	59,493	–	–	–
	<u>251,597</u>	<u>190,588</u>	<u>61,009</u>	<u>–</u>	<u>–</u>	<u>–</u>

## 20 Capital management

The company's capital management objectives are:

- To ensure the company's ability to continue as a going concern; and
- To provide long term returns to shareholders.

The company defines and monitors capital on the basis of the carrying amount of equity plus its outstanding borrowings and cash and cash equivalents:

	<i>2017</i> £	<i>2016</i> £	<i>2015</i> £
Equity	2,919,324	3,047,933	2,918,802
Borrowings and overdraft	–	–	888
Cash and cash equivalents	<u>242,728</u>	<u>354,438</u>	<u>306,207</u>
	<u>3,162,052</u>	<u>3,402,371</u>	<u>3,225,898</u>

The board of directors monitors the level of capital as compared to the company'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 company is not subject to any externally imposed capital requirements.

There was no change in the company's approach to capital management during the financial period under review. The debt-to-equity ratio of the company at the end of the financial year is not presented as its cash and cash equivalents exceeded the total debts.

## 21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17 per cent. (2016: 19 per cent., 2015: 18 per cent., 2014: 20 per cent.). The reduction in the main rate of corporation tax to 17 per cent. has already been enacted. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2020, the date on which that new rate becomes effective.

Details of the deferred tax liability are as shown below:

	2017 £	2016 £	2015 £
Accelerated capital allowances	2,829	4,110	3,280
Revaluation gains	81,728	101,215	107,076
Other temporary and deductible differences	(1,700)	(1,900)	(7,024)
	<u>82,857</u>	<u>103,425</u>	<u>103,332</u>

The movement on the deferred tax account is as shown below:

	2017 £	2016 £	2015 £
Balance at start of period	103,425	103,332	108,945
Recognised in profit and loss			
Tax expense	(20,568)	93	(5,613)
Balance at end of period	<u>82,857</u>	<u>103,425</u>	<u>103,332</u>

## 22 Share capital

### **Issued, called up and fully paid**

	2017 No.	2016 No.	2015 No.
Share capital	<u>99,246</u>	<u>99,246</u>	<u>99,246</u>

Issued share capital comprises:

	2017 £	2016 £	2015 £
99,246 fully paid £1 ordinary shares	<u>99,246</u>	<u>99,246</u>	<u>99,246</u>

### **Retained earnings**

Retained earnings includes all current and prior period retained profits and losses.

### **Revaluation reserve**

The revaluation reserve includes the revaluation arising from the transition to IFRS on 1 January 2015.

## 23 Operating leases

Operating lease commitments relate to motor vehicles.

Payments recognised as an expense are disclosed in note 4 and include the cost of short term hire of motor vehicles.

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

	2017 £	2016 £	2015 £
Not later than 1 year	8,486	9,257	19,680
Later than 1 year and not later than 5 years	772	9,257	18,513
	<u>9,258</u>	<u>18,514</u>	<u>38,193</u>

## 24 Related party transactions

Key management personnel are identified as the directors and their remuneration is disclosed in Note 8 'Remuneration of directors'.

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

	2017 £	2016 £	2015 £
<b>M.D. Mattings Holdings B.V. (parent company)</b>			
Sales to related party	4,102	1,695	526
Purchases from related party	224,4545	120,507	88,232
Balance owed to related party at year end	55,727	4,647	4,507

## 25 Subsequent events

On 28 September 2018, Likewise Trading Limited, a subsidiary of the Company, acquired the business and certain assets and liabilities of Bruce Starke & Co. Limited.

## 26 Ultimate controlling party

The ultimate parent company is M.D. Mattings Holdings B.V., a company registered in The Netherlands. The address of their registered office is Oude Wetering 111-A, 8044 PA Zwolle, Netherlands.

The ultimate controlling party is J Mateboer, shareholder of M.D. Mattings Holdings B.V.

## 27 Nature of financial information

The financial information presented above does not constitute statutory financial statements for the period under review.

## PART IV

### SECTION 6 – UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### (A) ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS



9 January 2019

The Directors  
Likewise Group PLC (“the Company”)  
Church Field Road  
Sudbury  
CO10 2YA

The Directors  
Zeus Capital Limited  
82 King Street  
Manchester  
M2 4WQ

Dear Sirs,

Crowe U.K. LLP  
Chartered Accountants  
Member of Crowe Global  
St Bride’s House  
10 Salisbury Square  
London EC4Y 8EH, UK  
Tel +44 (0)20 7842 7100  
Fax +44 (0)20 7583 1720  
DX: 0014 London Chancery Lane  
www.crowe.co.uk

#### Introduction

We report on the unaudited pro forma statement of net assets of the Company (the “Pro Forma Financial Information”) set out in Section 6 of Part IV “*Unaudited Pro Forma Statement of Net Assets*” of the Company’s TISE Listing Document dated 9 January 2019 (the “Listing Document”). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how:

- the acquisition of William Armes Holdings Limited and its wholly owned subsidiary William Armes Limited (together the “William Armes Group”);
- the acquisition of the trade and assets of Bruce Starke & Co Limited (“Bruce Starke”);
- the receipt of the net proceeds from the Placing

might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its unaudited interim financial information as at 30 June 2018. This report is required by paragraph 9.7.7.1 of the The International Stock Exchange Listing Rules (the “TISEA Listing Rules”) and is given for the purpose of complying with that schedule and for no other purpose.

#### Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

**Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

**Declaration**

For the purposes of paragraph 9.7.7.1 of the TISEA Listing Rules, we are responsible for this report as part of the Listing Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Listing Document in compliance with paragraph 9.7.7.1 of the TISEA Listing Rules.

Yours faithfully,

**Crowe U.K. LLP**

*Chartered Accountants*

## (B) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

	<i>The Company (Unaudited) (Note 1)</i>	<i>William Armes Group (Unaudited) (Note 2)</i>	<i>Bruce Starke (Unaudited) (Note 3)</i>	<i>Bruce Starke completion adjustments (Note 4)</i>	<i>Inter Group Adjustments (Note 5)</i>	<i>Net Subscription Proceeds (Note 6)</i>	<i>Pro forma net assets (Unaudited)</i>
<b>Currency: £'000s</b>							
<b>Non-current assets</b>							
Tangible fixed assets	–	3,740,066	1,716,625	(1,716,625)	–	–	3,740,066
Intangible assets	–	–	–	30,006	–	–	30,006
Investments	1,700,000	–	–	–	(1,700,000)	–	–
<b>Total non-current assets</b>	<b>1,700,000</b>	<b>3,740,066</b>	<b>1,716,625</b>	<b>(1,686,619)</b>	<b>(1,700,000)</b>	<b>–</b>	<b>3,770,072</b>
<b>Current assets</b>							
Inventories	–	975,337	937,619	(113,626)	–	–	1,799,330
Trade and other receivables	994,827	378,315	502,227	(101,584)	(1,005,016)	–	768,769
Cash and cash equivalents	28,311	364,356	197,062	(197,062)	–	6,458,250	6,850,917
<b>Total current assets</b>	<b>1,023,138</b>	<b>1,718,008</b>	<b>1,636,908</b>	<b>(412,272)</b>	<b>(1,005,016)</b>	<b>6,458,250</b>	<b>9,419,016</b>
<b>Total assets</b>	<b>2,723,138</b>	<b>5,458,074</b>	<b>3,353,533</b>	<b>(2,098,891)</b>	<b>(2,705,016)</b>	<b>6,458,250</b>	<b>13,189,088</b>
<b>Current liabilities</b>							
Trade and other payables	(44,822)	(1,263,695)	(268,718)	161,828	1,005,016	–	(410,391)
Loans and borrowings	(185,161)	–	–	–	–	–	(185,161)
<b>Total current liabilities</b>	<b>(229,983)</b>	<b>(1,263,695)</b>	<b>(268,718)</b>	<b>161,828</b>	<b>1,005,016</b>	<b>–</b>	<b>(595,552)</b>
<b>Non-current liabilities</b>							
Loans and borrowings	(2,118,039)	–	–	–	–	–	(2,118,039)
Pension liability	–	(10,000)	–	–	–	–	(10,000)
Deferred tax	–	(85,891)	(82,857)	82,857	–	–	(85,891)
<b>Total non-current liabilities</b>	<b>(2,118,039)</b>	<b>(95,891)</b>	<b>(82,857)</b>	<b>82,857</b>	<b>–</b>	<b>–</b>	<b>(2,213,930)</b>
<b>Total liabilities</b>	<b>(2,348,022)</b>	<b>(1,359,586)</b>	<b>(351,375)</b>	<b>244,685</b>	<b>1,005,016</b>	<b>–</b>	<b>(2,809,482)</b>
<b>Net assets/(liabilities)</b>	<b>375,116</b>	<b>4,098,488</b>	<b>3,001,958</b>	<b>(1,854,206)</b>	<b>(1,700,000)</b>	<b>6,458,250</b>	<b>10,379,606</b>

Notes:

- The financial information of the Company at 30 June 2018 has been extracted, without further adjustment, from Part IV of this Listing Document "Unaudited Interim Financial Information of the Likewise Group PLC". No account has been taken of the results of Likewise Group PLC subsequent to 30 June 2018.
- The financial information of the William Armes Group as at 30 June 2018 has been extracted, without adjustment, from Part IV of this Listing Document "Unaudited Interim Financial Information of the William Armes Group". No account has been taken of the results of the William Armes Group subsequent to 30 June 2018.
- The financial information of Bruce Starke at 30 June 2018 has been extracted, without further adjustment, from Part IV of this Listing Document "Unaudited Interim Financial Information of the Bruce Starke". No account has been taken of the results of Bruce Starke subsequent to 30 June 2018.
- On 28 September 2018, Likewise Trading Limited acquired the trade and certain assets of Bruce Starke. The adjustment to net assets reflects those assets not acquired. The financial information for Bruce Starke at 30 June 2018 has been adjusted to reflect the actual assets purchased by the Company and liabilities assumed by the Company on completion of the acquisition of the trade and assets of Bruce Starke on 28 September 2018. The adjustments in the statement above have been extracted from the Completion Payment Statement that relates to the acquisition.
- As at 30 June 2018, Likewise Group PLC was due £974,320 from William Armes Holdings Limited and owed £30,696 to William Armes Limited. For the purposes of presenting the pro-forma net assets of the Enlarged Group these inter group balances have been eliminated.  
  
In addition, Likewise Group PLC acquired the entire share capital of William Armes Holdings Limited on 9 January 2018 for £1.7 million. The adjustment relates to the removal of an investment in its subsidiary. No adjustment has been made in this pro forma statement of net assets to recognise any goodwill arising on this acquisition.
- Subscription proceeds of approximately £7.00 million and associated costs of approximately £0.54 million (excluding VAT). The net proceeds from the Subscription received by the Company were approximately £6.46 million.

## PART V

### ADDITIONAL INFORMATION

#### 1. INCORPORATION AND GENERAL

- (a) The Company was incorporated in England on 28 March 2012 under the Act as a private company limited by shares under the name of Foot Fall Distribution Limited with registered number 08010067. On 6 March 2018 the Company changed its name to William Armes Group Limited. On 25 July 2018 the Company changed its name to Likewise Group Limited. On 17 December 2018 the Company re-registered as a public company limited by shares under the Act and changed its name to Likewise Group PLC.
- (b) The Company's registered office and its principal place of business is at Church Field Road, Sudbury, Suffolk, England CO10 2YA. The statutory books of the Company are kept at this address. The telephone number at the Company's principal place of business is +44 (0) 1787 372988.
- (c) The Directors are listed on page 6 of this document. The secretary of the Company is Roy Povey. The business address of each of the Directors and the secretary is Church Field Road, Sudbury, Suffolk, England CO10 2YA.
- (d) 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 apply the QCA Corporate Governance Code, as far as they consider appropriate for a company of the Company's size and nature.
- (e) On 9 January 2018 the Company acquired the entire issued share capital of William Armes Holdings Limited (**William Armes**) from Janet Bosman and others. William Armes carries on the business of importing, storing and distributing matting and flooring products. The consideration was paid on completion. William Armes has a subsidiary, William Armes Limited. Further information can be found at [www.william-ames.co.uk](http://www.william-ames.co.uk).
- (f) On 28 September 2018 Likewise Trading Limited, a subsidiary of the Company, acquired the business and certain assets and liabilities of Bruce Starke. Under the asset purchase agreement (**APA**) the Company is the guarantor in relation to Likewise Trading Limited's obligations under the APA. The business acquired under the APA is the business of selling mats and matting. Part of the consideration due to Bruce Starke under the APA is outstanding as part deferred consideration and part consideration to be adjusted in accordance with completion accounts. The outstanding consideration due under the APA is approximately £357,782 (subject to adjustment). Further information can be found at [www.bruce-starke.com](http://www.bruce-starke.com).
- (g) The Company holds the entire issued share capital, being 100 ordinary shares of £1 each, of Likewise Trading Limited (company number 11457284). The Company also holds the entire issued share capital, being 182,800 ordinary shares of £1 each, of William Armes Holdings Limited (company number 06967132). William Armes Holdings Limited holds the entire issued share capital, being 182,800 ordinary shares of £1 each, of William Armes Limited (company number 00088075).

#### 2. SHARE CAPITAL

- (a) Set out below are details of the issued and credited as fully paid share capital of the Company (i) as at the date of this document and (ii) as it will be immediately on Admission:

Class of Share	Before Admission		Class of Share	On Admission	
	Number	Nominal Value		Number	Nominal Value
Shares	50,000,000	£500,000	Shares	120,000,000	£1,200,000

- (b) On 17 December 2018, the members of the Company passed resolutions to subdivide the entire issued share capital of the Company, being 100 ordinary shares of £1 each, into 10,000 Shares and to allot and issue an additional 49,990,000 Shares, fully paid up with an aggregate premium being

paid of £200,100 bringing the aggregate issued share capital of the Company to 50,000,000 Shares with an aggregate nominal value of £500,000.

(c) By or pursuant to resolutions of the Company passed on 9 January 2019, the Directors have authority to allot Shares as follows:

- the Directors were generally and unconditionally authorised pursuant to section 551 of the Act (the **Section 551 Authority**) to exercise all and any 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 up to a maximum nominal amount of £1,300,000 being the sum of the Issue Shares and approximately 50 per cent. of the issued share capital of the Company upon Admission. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and
- the Directors were given power pursuant to section 570 of the Act (with such power expiring at the same time as the Section 551 Authority) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the Section 551 Authority as if section 561 of the Act did not apply to any such allotment save that the power was limited to:
  - the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Shares held by them;
  - the allotment for cash of equity securities up to an aggregate nominal amount of £760,000, being the sum of the Issue Shares and approximately 5 per cent. of the issued share capital of the Company upon Admission; and
  - the allotment for cash of equity securities by way of a financing of a transaction deemed by the Directors to be an acquisition or other capital investment, up to an aggregate nominal amount of £60,000 being approximately 5 per cent. of the issued share capital of the Company upon Admission.

(d) It is intended that options will be granted pursuant to the Share Option Plans on or shortly after Admission. Further details of the Share Option Plans are set out at paragraph 9 of Part V.

The maximum number of Shares over which the First Offer under the SAYE Scheme will be granted will be equal to 5 per cent. of the entire issued share capital of the company on Admission. The Company intends initially to grant Management Options over 5,315,000 Shares on or shortly after Admission. For the avoidance of doubt, the Company may grant further options pursuant to the EMI Scheme Rules up to a maximum of 5 per cent. of the issued share capital of the Company at the relevant time.

If the options granted pursuant to the First Offer under the SAYE Scheme, and the Management Options over 5,315,000 Shares, were to be granted on Admission, and assuming the market value per Share in each case is the Issue Price of 10p per Share, the aggregate market value of those Shares would be approximately £1,131,500. The Company does not, however, intend to grant those options until after Admission. At that time, the Company's Shares will be traded on a Recognised Stock Exchange and so the market value of those Shares will be determined by reference to the closing price of those Shares rather than the Issue Price. As such, the market value of Shares under the Share Option Plans cannot be known until after Admission and may vary depending on the price at which Shares are traded on TISE.

Further details as to how the market value of Shares to be made available under the SAYE Scheme will be determined are set out at paragraph 9(a) of Part V. Further details as to how the market value

of Shares available under the Management Options will be determined as set out at paragraph 9(b) of Part V.

- (e) Save for the allotments referred to in this paragraph 2 above, in the last three financial years ended on 31 December 2017, no capital of the Company has been allotted for cash or for a consideration other than cash.
- (f) Save for the issue of the Issue Shares, the potential issue of Shares to satisfy the options disclosed at paragraph 3(d) above or any other option granted pursuant to the Share Option Plans, no capital of the Company nor any capital of any Group Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (g) The Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (h) The Shares are in registered form and capable of being held in certificated and uncertificated form. None of the Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission.
- (i) The Shares to be issued are being issued at a price of 10 pence per share, representing a premium of 9 pence over the nominal value of 1p each. The expected issue date is 11 January 2019.
- (j) The currency of the issue is pounds sterling.
- (k) None of the Shares are currently held in treasury.
- (l) Details in relation to dividends paid on the Shares in the last three years are not available.
- (m) There are no outstanding debt securities of the Company.

### **3. ARTICLES OF ASSOCIATION**

On 9 January 2019 the Company by means of a special resolution adopted new articles of association which contain (amongst others) provisions to the following effect.

(a) **Objects**

The articles of association of the Company contain no restrictions on the activities of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions attached to any class of shares, from time to time on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall upon a show of hands have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

(c) **Major Shareholders**

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those conferred on the holders of Shares as described in paragraph 4(b) above.

Pursuant to Rule 5.1 of the Disclosure Guidance and Transparency Rules, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their holdings in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the Disclosure Guidance and Transparency Rules requires that this is also notified to the Company by the shareholder.

(d) **General meetings**

An annual general meeting shall be held every year, within six months of the previous accounting period end.

Subject to a member's right to requisition a general meeting pursuant to section 303 of the Act, general meetings of the Company are convened at the discretion of the board.

An annual general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. All general meetings shall be called by at least 14 clear days' notice to the Company regardless of the type of resolution being passed (under section 307(1) of the Act). A notice must be served on a member in accordance with the provisions of the Act, that is, in hard copy form, or where the member has consented or is deemed to have consented under the Act, in electronic form or via a website. If the notice contains an electronic address for the Company, a member may send any document or information relating to the relevant general meeting to that electronic address. Notice shall be given to all members and the directors and the auditors.

A notice sent to a member by electronic communication shall be deemed to be served on the day it was sent. A notice sent by post to an address in the United Kingdom shall be deemed served one day after (or two days after if sent by second class mail) the date of posting.

(e) **Alteration of share capital**

The Company may, from time to time, by ordinary resolution increase its share capital, by the creation of new shares such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution may prescribe. Subject to such privileges, priorities or conditions as are or may be attached thereto, all new shares shall be subject to the same provisions in all respects as if they had been part of the original capital. The Company may by ordinary resolution consolidate and divide its shares, or any of them, into shares of a larger amount. The Company may by ordinary resolution divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may, by ordinary resolution, cancel any shares which at the date of the passing of the resolution have not been taken (or are subject to agreement to take) and diminish the amount of its share capital by the nominal amount of the shares so cancelled. The Company may, from time to time, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by the Act and the rights attached to existing shares. In accordance with the provisions of Act, the Company may purchase its own shares (including redeemable shares).

(f) **Variation of rights**

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the **Statutes**), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

- in such a manner (if any) as may be provided by the rights attaching to such class; or
- in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. At any such separate meeting at least two members present in person or by proxy holding or representing at least one third of the issued shares of the class in question shall be a quorum.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by the Articles or the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital

paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares. A purchase or redemption by the Company of any of its own shares in accordance with the provisions of the Statutes and of the Articles shall not be deemed to be a variation of the rights attaching to any shares.

(g) **Redemption**

The Company may, by special resolution and subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

(h) **Conversion**

The Company may from time to time, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and may from time to time in like manner reconvert such stock into fully paid up shares of the same class and denomination.

(i) **Distribution of assets on a winding up**

In the event of liquidation of the Company the holders of shares are entitled *pari passu* to any surplus dividends. A liquidator may, with the sanction of a special resolution, divide the assets among the members in specie.

(j) **Transfer of shares**

The Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation and the Company shall register any such transfer in accordance with the Statutes.

Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form approved by the Directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.

The Directors may, in their absolute discretion (but subject to any laws, rules or regulations applicable to the Company from time to time) and without assigning any reason therefore, refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and/or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

(k) **Dividends and other distributions**

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends to be paid to the members according to their respective rights and interests in the profits of the Company, but not exceeding the amount recommended by the directors.

No dividends or moneys payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The directors may (subject to the Statutes) pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

A liquidator may, with the sanction of an ordinary resolution, divide the assets among the members in specie. The directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors.

The directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive new Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

All unclaimed dividends, interest or other sums payable on or in respect of a share may, be invested or otherwise made use of by the directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

(l) **Borrowing powers**

Subject to the provisions of the Act and as provided in the Articles, the directors may exercise all the powers of the Company to borrow or raise money, to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue bonds, debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party, in each case on such terms as they may in their absolute discretion think proper.

The directors shall restrict the borrowings of the Company and the borrowings of any of its subsidiary undertakings and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount for the time being outstanding (after adjustments provided for in the Articles) at any one time owing by the Company in respect of monies borrowed, exclusive of moneys borrowed by the Company or any of its subsidiary undertakings from any other of such companies, as determined in accordance with the Articles, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to an amount equal to 2 times the aggregate of:

- the amount paid up on the Company's issued share capital; and
- the total amount standing to the credit of the consolidated reserves of the Company whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and profit and loss account

as shown in a consolidation of the latest audited balance sheets of the Company but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

(m) **Constitution of board of Directors**

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall be subject to a maximum of 8. No shareholder qualification is required of any director. The Company may by ordinary resolution appoint any person who is willing to act to be a Director. Directors can be removed before the expiry of their period of office by resolution of a majority of the Directors (other than the Director in question) with the chairman having the casting vote on such resolution either on notice or upon bankruptcy or incapacity of the Director in question. The Company may by ordinary resolution remove any Director before the expiry of their period of office and the vacancy created by such removal may be filled as a casual vacancy in accordance with the Act.

(n) **Retirement of Directors by rotation**

At every annual general meeting, any Director appointed by the Directors since the last annual general meeting and any Director who was not appointed or reappointed at one of the previous two annual general meetings shall retire and offer themselves for reappointment by the members.

(o) **Remuneration of Directors**

The fees to be paid to the Directors shall be determined by the Remuneration Committee of the Company from time to time. Such fees shall be divided among such directors in such proportion or manner as may be determined by the Directors and, in default of determination, equally. A fee payable to a director pursuant to the Articles is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles and accrues from day to day.

Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as Director including any expenses incurred in connection with his attendance at meetings of the Directors or committees of the directors of the Company or otherwise in the discharge of his duties as a Director.

Any Director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

(p) **Permitted interests of Directors**

Subject to the provisions of the Statutes, a Director is not disqualified from his office by entering into any contract, arrangement, transaction or proposal with the Company in any manner, nor is any contract, arrangement, transaction or proposal in which he is interested or in which he has entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, liable to be avoided, and any director who enters into any such contract, arrangement, transaction or proposal or is so interested is not liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of the Director holding that office or of the fiduciary relationship thereby established but the nature and extent of his interest shall be disclosed by him in accordance with the provisions of the Statutes.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director and may act by himself or through his firm in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A Director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

(q) **Restrictions on voting by directors**

Save as provided below, a Director shall not vote on or in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and where as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Act) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
- any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a retirement, death or disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs for taxation purposes or does not accord to any Director as such any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- any proposal concerning for the grant, purchase and/or maintenance of insurance against any liability of any Directors.

(r) **Purchase of own shares**

The Company is entitled to purchase its own shares in accordance with the Act which requires the Company to produce either a solvency statement to ensure that it will continue to be able to meet its debts after the purchase or alternatively requires a company to apply to court.

(s) **Untraceable shareholders**

The Company is entitled to sell in such manner as the Directors may decide and at the best price it considers to be reasonably obtainable at that time, any share of a member, or any share to which a person is entitled by transmission if the member cannot be traced after 12 years.

(t) The Company has a first and paramount lien on every Share which is not fully paid, for all amounts payable in respect of that share. If payment is not made within 14 days of notice the Company may sell the shares under lien.

(u) The Company can issue partly paid shares.

(v) **Squeeze-out rules, sell-out rules and takeover bids**

- **Squeeze-out**

Under the Act, if an offeror makes a takeover offer for the Company and successfully acquired (or unconditionally contracted to acquire) 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights carried by those shares, it could then compulsorily acquire the remaining shares. It would do so by sending a notice to outstanding shareholders, within three months of the last day of which the offer can be accepted, telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

- **Sell-out**

The Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the shares in the Company and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. in value of all voting shares in the Company, which carry not less than 90 per cent. of the voting rights, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

The above is a summary of certain provisions of the Articles, the full provisions of which are available on the Company's website.

#### 4. MAJOR SHAREHOLDERS

- (a) Save as disclosed in paragraph 5 below, and as set out below in this paragraph 4, the Company is not aware of any person who, at the date of this document and immediately following Admission, is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

<i>Shareholder</i>	<i>At the date of this document</i>			<i>Upon Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Issue Shares</i>	<i>Number of Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Andrew Woodhouse	3,750,000	7.5	1,750,000	5,500,000	4.6
Keith Yates	3,750,000	7.5	1,625,000	5,375,000	4.5
Paul Wiseman	2,750,000	5.5	2,500,000	5,250,000	4.4
Stuart Large	3,750,000	7.5	325,000	4,075,000	3.4
Adrian Laffey	3,750,000	7.5	1,892,500	5,642,500	4.7
James Kellett	3,750,000	7.5	Nil	3,750,000	3.1
Martin West	3,750,000	7.5	497,500	4,247,500	3.5
Jane Powell	Nil	Nil	4,500,000	4,500,000	3.8
Sally Stride	Nil	Nil	4,500,000	4,500,000	3.8
Geoffrey Duggan	1,875,000	3.8	1,500,000	3,375,000	2.8

- (b) None of the Company's major holders of Shares listed above or at paragraph 5(a) below has voting rights different from the other holders of Shares.
- (c) Save as disclosed in this paragraph 4, and insofar as is known to the Company, the Directors are not aware of any person or persons who either alone or, if connected jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company.
- (d) Save as far as is known to the Directors, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

## 5. DIRECTORS' INTERESTS

The names of the Directors of the Company are set out at the "Directors, Secretary, Registered Office and Advisers" section of this document.

- (a) As at the date of this document and immediately following Admission, the interests of the Directors and the associates (having the meaning defined in the TISEA Listing Rules) of each Director (as known to each Director having made all reasonable enquiries) insofar as is known to the Issuer in the equity or debt securities of the Issuer or the Group are, and on Admission, will be, as follows:

<i>Director</i>	<i>At the date of this document</i>			<i>Upon Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Issue Shares</i>	<i>Number of Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Anthony John Brewer <sup>(1)</sup>	11,750,000	23.5	14,782,500	26,532,500	22.1
Andrew James William Simpson	8,250,000	16.5	10,075,000	18,325,000	15.3
Paramjit Paul Singh Bassi	Nil	Nil	2,000,000	2,000,000	1.7
Roy Povey	Nil	Nil	500,000	500,000	0.4

(1) Anthony John Brewer is the Trustee of the Brewer Settlement Trust who holds the beneficial interest in the Shares.

- (b) Save as disclosed in this paragraph 5, no Director has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors (within the meaning of section 252 of the Act) have any such interests, whether beneficial or non-beneficial.
- (c) It is intended that the following options over Shares will be granted to the Directors and senior management identified in the table below on, or shortly after, Admission pursuant to the Management Options. Further details of the Management Options are included at paragraph 9(b) of Part V. Each Management Option will have an exercise price per Share equal to the market value of a Share at the date of grant of the option (the **Grant MV**). The Grant MV shall be determined as the closing price of a Share on the previous dealing day (or if more than one price is shown, the lower price for a Share plus one half of the difference between the lower price and the higher price on the previous dealing day).

<i>Name</i>	<i>Number of shares under option</i>	<i>Exercise price</i>	<i>Performance Conditions</i>
Anthony John Brewer	1,200,000	Grant MV	See paragraph 9(b) of Part V for details
Roy Povey	900,000	Grant MV	See paragraph 9(b) of Part V for details
Senior management	3,215,000	Grant MV	See paragraph 9(b) of Part V for details

- (d) The Directors will also be entitled to participate in the SAYE Scheme (subject to meeting the eligibility criteria as set out in the scheme rules). Further details of the terms of the SAYE Scheme are included at paragraph 9(a) of Part V.
- (e) There are no outstanding loans granted by any member of the Company to the Directors or any guarantees provided by any member of the Company for the benefit of the Directors.
- (f) In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- (g) There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Directors were selected as member(s) of the Board.
- (h) Roy Povey was a director of MKD Holdings Limited, a subsidiary of HomeForm Group Limited, when it entered administration on 5 April 2007. The company was dissolved on 10 January 2009.
- (i) Save as disclosed in this paragraph 5, no Director has:
- any unspent convictions in relation to any fraudulent offences;

- been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;
  - been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
  - been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
  - had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
  - been disqualified by a court from acting as a Director of a company or from acting in the management or conduct of the affairs of any company.
- (j) No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company during any earlier financial year and remains in any respect outstanding or unperformed.
- (k) None of the Directors nor any member of a Director's family is interested in any related financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary Shares, including a contract for differences or a fixed odds bet.

## **6. DIRECTORS' TERMS OF APPOINTMENT**

- (a) The Company has entered into the following agreements and letters of appointment:
- Anthony John Brewer entered into a service agreement with the Company on 9 January 2019 appointing him as Chief Executive Officer of the Company with effect from Admission. The service agreement is subject to termination upon not less than 12 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £14,000, a private medical insurance for Anthony John Brewer and his spouse and dependent children. The agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign as a Director on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competitive business, soliciting clients and customers and soliciting senior employees to leave the business in each case for a period of 12 months following the termination of his employment;
  - Roy Povey entered into a service agreement with the Company on 9 January 2019 appointing him as Chief Financial Officer of the Company with effect from Admission. The service agreement is subject to termination upon not less than 12 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £160,000, a car allowance, private medical insurance for Roy Povey and his spouse and dependent children. The agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign as a Director on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competitive business, soliciting clients and customers and soliciting senior employees to leave the business in each case for a period of 12 months following the termination of his employment;
  - The services of Andrew Simpson as a non-executive Director are provided under the terms of a letter of appointment between the Company and Andrew Simpson dated 9 January 2019 for an initial period of three years subject to termination upon at least one month's notice, at an initial fee of £14,000 per annum; and

- The services of Paul Bassi as a non-executive Director and Chairman are provided under the terms of a letter of appointment between the Company and Paul Bassi dated 9 January 2019 for an initial period of three years ending at the conclusion of the Company's annual general meeting subject to termination upon at least one month's notice, at an initial fee of £14,000 per annum; and
- (b) Save as set out in paragraph 6(a) above, there are no service agreements in existence between any of the Directors and the Company which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.
  - (c) The Directors receive no Shares or options over Shares in lieu of remuneration or as any form of compensation.
  - (d) Other than as disclosed in this paragraph 6, no member of the Company is party to any service contract with any of the Company's directors which provides for benefits on the termination of any such contract.
  - (e) No Director has any accrued pension or retirement benefits.
  - (f) There is no arrangement under which any Director has waived or agreed to waive future emoluments.
  - (g) The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors was £78,750 for the financial year ended 31 December 2018 and is estimated to be £202,000 for the Directors in the current financial period ending 31 December 2019 under the arrangements in force at the date of this document.

## **7. MATERIAL CONTRACTS**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the two years preceding the date of this document and are or may be material or have been entered into by any member of the Company and contain any provision under which any member of the Company has any obligation or entitlement which is material to the Company at the date of this document.

- (a) Pursuant to the Lock-in Agreements entered into on 9 January 2019 each of the Directors has undertaken that for a period of 12 months from Admission they will not, save in certain limited circumstances, dispose of any of the Shares in which they are interested at Admission except with the permission of the Company and Zeus Capital and that for a further 12 months they will comply with certain requirements designed to maintain an orderly market in the Shares.
- (b) Pursuant to a share purchase agreement dated 9 January 2018 the Company acquired the entire issued share capital of William Armes Holdings Limited for a total consideration of £1,700,000, all of which was paid on completion. The usual warranties and indemnities were given in favour of the Company.
- (c) Pursuant to an asset purchase agreement dated 28 September 2018 Likewise Trading Limited acquired the business and assets of Bruce Starke & Co Limited for a total consideration of approximately £1,497,250.60 (subject to adjustment) of which £357,782 is outstanding. The usual warranties and indemnities were given in favour of Likewise Trading Limited.
- (d) The Company and Zeus Capital entered into a Warrant Agreement dated 9 January 2019 pursuant to which the Company has granted Zeus Capital warrants to subscribe for 1,800,000 Shares at the Issue Price, exercisable at any time in the period commencing on the second anniversary of Admission and ending on the tenth anniversary of Admission. The warrants are not capable of exercise prior to the second anniversary of Admission, save in certain limited circumstances relating to a winding up, takeover, or scheme of arrangement of the Company.

## 8. TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK, who will hold Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section.

**Any shareholder who is in doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.**

### (a) Taxation of chargeable gains

For the purpose of UK tax on chargeable gains, the purchase of Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Shares allotted to him, the Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Shares may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains.

### **Individuals**

Where an individual Shareholder disposes of Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,700 for 2018/19) and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (£34,500 for 2018/19). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

Where a Shareholder disposes of the Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

### **Companies**

Where a Shareholder is within the charge to corporation tax, a disposal of Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (up to 19 per cent. for the financial year 1 April 2018 to 31 March 2019).

(b) **Taxation of dividends**

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

**Individuals**

Individual Shareholders have the benefit of an annual dividend allowance of £2,000. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent.

If an individual receives dividends in excess of this allowance, the excess will be taxed at the dividend ordinary rate of 7.5 per cent. for basic rate taxpayers, at the dividend higher rate of 32.5 per cent. for higher rate taxpayers, and at the dividend additional rate of 38.1 per cent. for additional rate taxpayers.

**Companies**

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

(c) **Stamp duty and stamp duty reserve tax (“SDRT”)**

Transfers of existing UK shares (being shares of a company that is incorporated in the UK or which maintains its share register here) will normally be subject to stamp duty or SDRT as described below.

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring UK shares. However, an exemption from stamp duty is available on an instrument transferring UK shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction, or series of transactions, in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer UK shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable by the purchasers for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped (or exempt) instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. Both stamp duty and SDRT will normally be the liability of the purchaser or transferee of the UK shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money’s worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by CREST.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

(d) **Inheritance tax**

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (“IHT”) on the value of any Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

## 9. SHARE OPTION PLANS

### Share options

Prior to Admission, the Board intends to approve and adopt the “Likewise Group Share Save Scheme 2019”, a savings-related share option scheme under Schedule 3 to **ITEPA** (the **SAYE Scheme**). The Board also intends to approve the grant of the Management Options which it is intended will qualify for favourable tax treatment as EMI Options before Admission of the Company to the Official List. The Management Options will be granted pursuant to a set of scheme rules (the EMI Scheme Rules) which the Board intends to approve before Admission of the Company to the Official List. An outline of the terms of the SAYE Scheme and the Management Options are set out below.

For the purposes of this section, references to the **Board** shall include, where relevant, references to the **Remuneration Committee**.

### (a) SAYE scheme

#### **Introduction**

Shortly before Admission, the Board intends to adopt the rules of the SAYE Scheme (the **Scheme Rules**). It is the intention of the Board to circulate an initial round of invitations (the **First Offer**) to all Eligible Employees (as defined in the Scheme Rules) (**Eligible Employees**) as soon as possible after Admission of the Company to the Official List.

#### **Administration**

The Company has appointed Yorkshire Building Society (**YBS**) to act as the scheme administrator and the savings contract administrator for the SAYE Scheme.

Under the SAYE Scheme Rules, the Board may invite applications for 3 year or 5 year options (**SAYE Options**) with the associated savings contract running for the same term.

#### **Grant of SAYE Options**

The SAYE Scheme Rules allow for the remuneration committee to grant SAYE Options with an exercise price of a minimum of 80 per cent. of the market value of the Shares as at the date of grant of those options. The market value for these will be determined in accordance with HMRC’s accepted practice for valuing shares listed on a Recognised Stock Exchange on any given day, namely:

- (a) the closing price for a Share on the previous dealing day (or if more than one price is shown, the lower price for a Share plus one half of the difference between the lower price and the higher price on the previous dealing day); or
- (b) the average of the closing prices for a Share for the five immediately preceding dealing days (or if more than one price is shown on each of those dealing days, the lower price for an Share on each of those dealing days plus one half of the difference between the lower price and the higher price on each of those dealing days).

The Board can determine which of the above methods of determining market value should be used in relation to each offer of SAYE Options.

The SAYE Scheme Rules prohibit the SAYE Options being granted at any time when such a grant would contravene any law, regulation with the force of law, or rule of an investment exchange on which the Shares are listed or traded, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board has resolved to comply.

The SAYE Scheme Rules also prohibit the Company from granting SAYE Options after the tenth anniversary of the adoption date of the Scheme Rules.

### ***Scaling Down***

The SAYE Scheme Rules allow the remuneration committee to apply several different methods in scaling down applications in the event that the total number of applications received in response to a set of invitations exceeds the maximum number of shares stated in those invitations.

Where scaling down is required, the Scheme Rules allow for protection of employees making contributions lower than £50 per month in certain circumstances.

### ***Size of SAYE Option grants***

The SAYE Scheme Rules impose a limit on the number of shares over which options may be granted (including any SAYE Options or Management Options) of 10 per cent. of the entire issued share capital of the Company at any given time.

The minimum monthly contributions which an Eligible Employee can make in respect of SAYE Options granted under the SAYE Scheme Rules will be specified in the invitations circulated to those Eligible Employees in each case, but will be subject to a minimum contribution of not less than £5 per month and a maximum contribution of not more than £500 per month.

### ***Exercise of SAYE Options***

The SAYE Scheme Rules set out the procedure by which the optionholder may exercise their option.

The SAYE Options may be exercised early on the occurrence of a Relevant Event (as defined in the Scheme Rules) in connection with a takeover or liquidation of the Company, or where the optionholder ceases scheme-related employment in certain circumstances specified in the Scheme Rules.

If an optionholder dies before their SAYE Option is exercised, their Personal Representatives (as defined in the Scheme Rules) may exercise the option on their behalf.

### ***Rights attaching to shares***

Shares issued in connection with the exercise of the SAYE Options will rank equally with Shares of the same class then in issue (save as regards any rights attaching to Shares by reference to a date falling prior to the optionholder being entered on the register of members).

An application will be made for admission to trading on TISE of the new Shares issued on exercise of the SAYE Options.

### ***Variation of share capital***

If there is any alteration of the issued share capital of the Company, the Board are entitled to vary the number of Shares subject to the SAYE Options, and the exercise price under those SAYE Options would be adjusted accordingly.

### ***Alteration of the SAYE Scheme Rules and SAYE Options***

The Board may amend the SAYE Scheme Rules but only to the extent that those amendments do not result in the SAYE Scheme Rules, and SAYE Options granted in accordance with the Scheme Rules, ceasing to meet the requirements of Schedule 3 to ITEPA.

The SAYE Scheme Rules allow for further savings-related share option plans to operate in overseas territories provided that, amongst other things, those plans do not lead to the total number of shares over which options are granted by the Company exceeding 10 per cent. of the entire issued share capital of the Company at any given time.

### ***Prohibition on Exercise***

Optionholders will be prohibited from exercising their SAYE Options in certain circumstances where the optionholder ceases to be an Eligible Employee, or on a date earlier than the bonus date under the relevant savings contract linked to their SAYE Option, unless the optionholder has died in service.

The SAYE Scheme Rules also contain a general prohibition on exercise if such exercise is prohibited by, or would otherwise be a breach of, any law, regulation with the force of law, or rule of TISE, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board or, where relevant, the remuneration committee has resolved to comply (including any personal dealing code adopted by the Company).

### ***Awards***

The Board intends, before Admission, to approve and adopt the SAYE Scheme Rules. The Board also intends to seek approval of the SAYE Scheme Rules from the company's shareholders.

Shortly after Admission, the Board intends to authorise the circulation of the First Offer to all Eligible Employees. The First Offer would be in respect of Shares up to a maximum of 5 per cent. of the total issued share capital of the Company.

The option period for the SAYE Options granted pursuant to the First Offer will be 5 years.

No consideration will be payable on the grant of the Option.

The proposed exercise price per Share will be determined as 80 per cent. of the market value per Share as at the date of grant of the SAYE Options pursuant to the First Invitation, namely 80 per cent of the closing price for a Share on the dealing day immediately preceding the day on which the invitations for the First Offer are circulated (or if more than one price is shown, the lower price for a Share plus one half of the difference between the lower price and the higher price on that immediately preceding dealing day).

Eligible Employees will be entitled to save between £5 and £500 per month under the terms of the First Offer.

## **(b) Management Options**

### ***Introduction***

Shortly before Admission, the Board intends to approve the EMI Scheme Rules and the grant of Management Options to 12 key members of the Company's management team over a total of 5,315,000 Shares.

The Board intends to seek Shareholder approval for the EMI Scheme Rules and the grant of the proposed Management Options pursuant to those rules.

The Board intends to grant the Management Options shortly after Admission, with an exercise price equal to the market of the shares on the date of grant.

Upon any further acquisitions by the Group, the Company will consider granting options to other key personnel in accordance with the EMI Scheme Rules. One such option is currently being considered over a further 75,000 Shares.

The Management Options will not be transferable. Only persons to whom the Management Options are granted, or their personal representatives, may acquire Shares pursuant to the Management Options.

### **Administration**

The Board will exercise its discretion to select the individuals who will be granted the Management Options shortly after Admission. The grant of Management Options will be subject to the provisions contained in the EMI Scheme Rules.

The Board will have overall responsibility for the operation of the Management Options following Admission and will have discretion to select persons to whom any further awards of Management Options will be granted in accordance with the EMI Scheme Rules.

### **Grant of Options**

The Management Options will be share options granted with an exercise price equal to the market value. The market value will be determined as detailed above in relation to the SAYE Scheme Rules.

### **Size of EMI Options grants**

The Board intend that the Management Options will qualify as EMI Options. The Company may therefore grant further EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code (as defined in Section 527(3) of ITEPA).

The Company may not grant EMI Options over shares worth more than £3,000,000 at any given time.

The Management Options are discretionary options granted under the EMI Scheme Rules. The maximum number of Shares subject to the Management Options which may be acquired under the EMI Scheme Rules will not exceed 5 per cent. of the entire issued share capital of the Company as at the date of grant.

When aggregated with the maximum number of Shares to be made available in connection with the First Offer under the SAYE Scheme, the total number of shares subject to the Share Option Plans will not exceed 10 per cent. of the entire issued share capital of the Company.

### **Individual Limits**

The value of Shares over which an employee or executive director may be granted Management Options at any time may not exceed £250,000.

### **Performance Targets**

The performance targets under the Management Options will be based on a combination of the average earnings per share (**EPS**) and total shareholder return (**TSR**) over a period of 5 years from the date of grant of the EMI Options (the **Performance Period**). The method of calculating EPS and TSR is set out in the option agreements. The performance targets will operate so that 80 per cent. of the optionholder's total entitlement will be determined by reference to EPS over the Performance Period, with entitlement to the remaining 20 per cent. being determined by reference to TSR over the Performance Period.

The Management Options will vest to the extent that those performance targets are met. To the extent that those performance targets are not met, the Management Options will lapse over all or part of the total number of Shares granted under those Management Options.

The Board has the power to amend the performance targets but only if, in their view, such amendment is necessary or appropriate to ensure that the Management Options vest in a manner which is consistent with their objectives and purpose.

### **Vesting of Options**

In most circumstances, the Management Options will vest on the date falling 5 years after the date of grant. The Management Options may, at the discretion of the Board, vest earlier on the occurrence of certain events such as a takeover of the Company.

### ***Rights attaching to shares***

Shares issued in connection with the exercise of the Management Options will rank equally with Shares of the same class then in issue (save as regards any rights attaching to Shares by reference to a date falling prior to the optionholder being entered on the register of members).

An application will be made for admission to trading on TISE of new Shares issued.

### ***Variation of share capital***

If there is any alteration of the issued share capital of the Company, the number of Shares subject to the Management Options, and the exercise price under those Management Options, will be subject to adjustments.

### ***Alteration of the Management Options***

Whilst shares in the Company are traded on a stock exchange, the Board may not make any amendments to the terms of the Management Options otherwise than in accordance with the TISEA Listing Rules, any rule or regulation with the force of law or other rule, code or set of guidelines adopted by the Company.

### ***Malus***

Where the optionholder is a “Bad Leaver” under the terms of the Management Options before the end of the Performance Period, the optionholder will lose his or her entitlement to all of the shares subject to the Management Options and the Management Options will lapse in full.

### ***Prohibition on Exercise***

Optionholders are prohibited from exercising their Management Options in certain circumstances where the optionholder is subject to disciplinary proceedings or investigation by their employer, if the optionholder has committed certain breaches of their employment contract or is acting in breach of their fiduciary duty, or where notice of termination of the optionholder's employment remains effective.

The Management Options also contain a general prohibition on exercise if such exercise is prohibited by, or would otherwise be a breach of, any law, regulation with the force of law, or rule of TISEA, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board or, where relevant, the remuneration committee has resolved to comply (including any personal dealing code adopted by the Company).

The optionholder will not be able to exercise their Management Option if they are a “Bad Leaver” under the terms of the Management Option.

### ***Awards***

The Board and shareholders of the Company will, before Admission, approve the terms of the EMI Scheme Rules and Management Options and authorise the Company to enter into the Management Options with 12 optionholders.

Shortly after Admission, the Company and each of the optionholders will enter into agreements to grant the Management Options over a total of 5,315,000 Shares.

An option fee of £1 will be payable on the date of grant of the Management Options.

The exercise price per Share under the Management Options will be determined as the market value per share as at the date of grant of the Management Options. The market value will be determined as the closing price for a Share on the dealing day immediately preceding the day on which the Management Options are granted (or if more than one price is shown, the lower price for a Share plus one half of the difference between the lower price and the higher price on that immediately preceding dealing day).

The Management Options will have a maximum term of 10 years from the date of grant. The Management Options will not be exercisable before they have vested. The Management Options will vest on the date falling 5 years after the date of grant over an amount of Shares to be determined by reference to the Performance Targets. The Management Options may, at the discretion of the Board, vest earlier on the occurrence of certain events such as a takeover.

## 10. INVESTMENTS

There are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made.

## 11. ENVIRONMENTAL ISSUES

To the best of the Company's knowledge, the Company is unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

## 12. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company (taking into account the net proceeds of the Issue receivable by the Company) is sufficient for its present requirements that is for at least the next twelve months from the date of Admission.

## 13. LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against any member of the Group during the 12 months preceding the date of this Document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

## 14. EMPLOYEES

As at 31 December 2017, the Company had 48 employees and as at 31 December 2018, being the last practicable date prior to the publication of this document, the Company had 59 employees.

As at the date of this document the Company's employees are all employed at the William Armes and Bruce Starke's businesses addresses.

## 15. CHARGES

The Company has two outstanding charges registered at Companies House against the assets of the Company being two debentures and cross guarantees with Barclays Bank PLC.

## 16. PATENTS

(a) The Company is not the registered proprietor of any patents.

(b) The Group has the following registered trademarks.

<i>Country</i>	<i>Number</i>	<i>Mark</i>	<i>Class</i>
UK	00001212316	DANDY	27
UK	00002331831	WASHAMAT Washamat WashaMat	27
UK	00002365122	DandyMicrom Dandy Microm DANDY MICROM	27
UK	00002622218	Dandydura DANDYDURA	27
UK	00001502130	STORMSAFE	27
UK	00003315218	LIKEWISE	27

- (c) The relevant Company in the Group is the registrant of the following domain names:
- www.likewiseplc.com
  - www.bruce-starke.com
  - www.william-armes.co.uk
  - www.marqueefloors.co.uk
  - www.washamat.co.uk
  - www.matsonline.co.uk
- (d) Save as set out at paragraphs 16(a) to 16(c) above, there are no patents or other intellectual property rights, licenses or particular contracts which are of fundamental importance to Company's business.

## 17. GENERAL

- (a) Crowe is a limited liability partnership registered in England and Wales with registered number OC307043 and having its registered office at St. Brides House, 10 Salisbury Square, London EC4Y 8EH. Crowe has given and not withdrawn its written consent to the inclusion of its report in Part IV of this document in the form and context in which it appears. Crowe has no material interest in the Company.
- (b) Zeus Capital, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears. On Admission Zeus Capital will hold 2,300,000 Shares. Save as disclosed in Part V, paragraph 7, Zeus Capital has no material interest in the Company.
- (c) Ravenscroft, which is regulated by the Guernsey Financial Services Commission, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears. On Admission Ravenscroft will hold 2,500,000 shares. Ravenscroft has no material interest in the Company.
- (d) It is estimated that the total fees, commissions and expenses payable by the Company in connection with the Issue and Admission will amount to approximately £0.54 million (excluding VAT).
- (e) The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Act.
- (f) The Issue Price represents a premium of 9 pence over the nominal value of 1 pence per Share. The premium arising on the Subscription amounts to £6,300,000 in aggregate.
- (g) The Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The ISIN number of the Shares is GB00BHNWH003.
- (h) There are no arrangements under which future dividends are waived or agreed to be waived.
- (i) The Company's registrar and paying agent for the payment of dividends is Link Market Services Limited trading as Link Asset Services.
- (j) Other than the current application for Admission, the Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Shares.
- (k) Save as disclosed in this document, there have been no payments by the Company to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

Each of Larking Gowen LLP, DWF LLP, Keelo Consulting Limited and Reuters Limited are entitled to a fee totalling in excess of £10,000 in connection with Admission, each of which is included in the estimate of costs set out in paragraph 17 (d) of Part V. Larking Gowen LLP were engaged by the Company to provide professional accountancy services. DWF LLP were engaged by the Financial Adviser to provide professional legal services to the Financial Adviser. Keelo Consulting Limited were engaged to provide consulting and advisory services to the Company. Reuters Limited were engaged by the Company to complete third party due diligence on the Directors.

- (l) Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

- received, directly or indirectly from the Company within the 12 months preceding the date of the application for Admission; or
  - entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company, on or after Admission, any of the following:
    - fees totaling £10,000 or more;
    - securities in the Company where these have a value of £10,000 or more calculated by reference to the Issue Price; or
    - any other benefit with the value of £10,000 or more at the date of Admission.
- (m) Save as disclosed in this document, there has been no significant adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the last audited results of the Company were prepared.
- (n) There have been no interruptions in the business of the Company, which may have or have had in the 12 months preceding the publication of this Listing Document a significant adverse effect on the financial position of the Company or which are likely to have a material adverse effect on the prospects of the Company for the next 12 months.
- (o) The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in the period 1 January 2018 until the date of this document.
- (p) There is no change in the nature of the business of the Company contemplated.
- (q) Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (r) This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, the Republic of South Africa, New Zealand or Australia (the **Excluded Territories**) and may not be sold, directly or indirectly, within the United States or the Excluded Territories or to any citizen, national or resident of the United States or the Excluded Territories.

## 18. AVAILABILITY OF DOCUMENTS

The following documents may be inspected between the hours of 9am to 5pm for 14 days from Admission, at Likewise Group PLC, Church Field Road, Sudbury, Suffolk, England CO10 2YA:

- This Listing Document;
- The constitutional documents of the Company;
- The financial information; and
- Copies of all material contracts referred to above

The financial information of Likewise will be available for review on an ongoing basis on the company's website [www.likewiseplc.com](http://www.likewiseplc.com).

Dated: 9 January 2019

## DEFINITIONS

Act	Companies Act 2006 (as amended)
Admission	the admission of the Shares to trading on the Official List effective in accordance with the TISEA Listing Rules
Articles	the articles of association of the Company, as at the date of Admission, a summary of which is set out at paragraph 3 of Part V of the Listing Document
Associate	<p>(a) in relation to any director or controlling shareholder, who is an individual:</p> <ul style="list-style-type: none"><li>(i) that individual's family members;</li><li>(ii) the trustees (acting as such) of any trust of which the individual or any of the individual's family members is a beneficiary or discretionary object;</li><li>(iii) any company in whose equity securities the individual and/or any of the individual's family members (taken together) are directly or indirectly interested so as to exercise or control the exercise of 25 per cent. or more of the voting power at general meetings, or to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters, and any other company that is its subsidiary;</li><li>(iv) any company whose directors are accustomed to act in accordance with the individual's directions or instructions;</li><li>(v) any company in the capital of which the individual, either alone or together with any other company within iv) is, (or would on the fulfilment of a condition or the occurrence of a contingency be) interested in the manner described in (iii); and</li></ul> <p>(b) in relation to a controlling shareholder that is a company:</p> <ul style="list-style-type: none"><li>(i) any other company that is a subsidiary or holding company of that company;</li><li>(ii) any other company that is a fellow subsidiary of any such holding company;</li><li>(iii) any company whose directors are accustomed to act in accordance with the company's directions or instructions;</li><li>(iv) any other company in whose equity securities the company and/or such other company or companies taken together are directly or indirectly interested so as to exercise or control the exercise of 25 per cent. or more of the voting power at general meetings, or to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters.</li></ul>

Treasury shares are not to be taken into account when calculating the proportion of voting control held by any person in relation to whom disclosure is required

Authority or TISEA	The International Stock Exchange Authority Limited, also known as TISEA, or any previous or successor name, which is licensed to operate an investment exchange by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
Bank of England Base Rate	the interest rate that the Bank of England charges banks for secured overnight lending
Board	the board of Directors of the Company from time to time, or a duly constructed committee thereof
Bruce Starke or Bruce Starke & Co	Bruce Starke & Co Limited
Company or Likewise	Likewise Group PLC
Crowe	Crowe U.K. LLP
Directors	the directors of the Company
EMI Options	Enterprise Management Incentive share options which satisfy the relevant provisions of Schedule 5 to ITEPA
Enlarged Share Capital	the Shares in issue immediately following the Subscription and Admission
Exchange or TISE	the investment exchange known as The International Stock Exchange, TISE or any previous or successor name of the Exchange, which is operated by the Authority
Existing Shares or Existing Share Capital	the shares in issue as at the date of this Listing Document
FCA	Financial Conduct Authority of the United Kingdom
FPO	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
FSMA	the Financial Services and Markets Act 2000
Group	the Company and each of its subsidiary companies
IFRS	International Financial Reporting Standards
Issue Price	10 pence
Issue Shares	70,000,000 Shares
ITEPA	the Income Tax (Earnings and Pensions) Act 2003
Listing Document or Document	this document and appendices attached hereto
Management Options	the options to be granted pursuant to the EMI Scheme Rules as set out in paragraph 9(b) of Part V
Official List	the list of securities admitted to listing on the Exchange which is published and maintained by the Authority
Ravenscroft	Ravenscroft Limited

Registered Office	Likewise Group PLC, Church Field Road, Sudbury, Suffolk, England CO10 2YA
Related Party	(a) any person who is a director or other equivalent officer of an issuer or any group company of the issuer;  (b) a substantial shareholder; or  (c) an associate of (a) or (b)
SAYE	Save As You Earn
SEC	U.S. Securities and Exchange Commission
Secretary	Roy Povey or his replacement as Secretary of the Company from time to time
Shareholder	holders of Shares
Shares	ordinary shares of £0.01 each
Share Option Plans	the SAYE options and the management options as defined in Part V, paragraph 9
Subscription	the subscription for the Issue Shares at the Issue Price
Substantial Shareholder	a person who holds by himself or by his nominee, a share or an interest in a share which entitles him to exercise, or control the exercise of, 10 per cent. or more of the votes to be cast on all or substantially all matters at general meetings of an issuer
Takeover Code	the city code on Takeovers and Mergers
TISEA Listing Rules	the rules of the Authority governing the listing of securities on the Exchange, as amended from time to time
William Armes	William Armes Limited
William Armes Group	William Armes Holdings Limited and its wholly owned subsidiary, William Armes Limited
William Armes Holdings	William Armes Holdings Limited
Zeus Capital	Zeus Capital Limited

## APPENDIX 1 – SUBSCRIPTION LETTER

Application will be made for the ordinary shares of 1 pence each (**Shares**) in the capital of Likewise Group plc (the **Company**) to be admitted to trading on TISE (“**Admission**”). **It is expected that Admission will become effective and that dealings in the Shares will commence on or around 11 January 2019.**

The information contained in this letter and the attached form of confirmation may constitute inside information for the purposes of the Criminal Justice Act 1993 (the **CJA**), the Financial Services and Markets Act 2000 (**FSMA**) or the Market Abuse Regulation (EU) No. 596/2014 (**MAR**). You should not use this information as a basis for your behaviour in relation to any qualifying investments or related investments (as defined in FSMA and the Code of Market Conduct made pursuant to FSMA), as to do so could amount to insider dealing under the CJA or market abuse under MAR. Except for the purpose of obtaining professional advice you should not disclose this letter to any person.

To: Likewise Group Plc  
Church Field Road  
Sudbury  
Suffolk  
CO10 2YA

**Date**

Dear Sir(s)

### Likewise Group plc (the Company)

**SEDOL: BHNWH00 ISIN: GB00BHNWH003**

**Proposed subscription for new ordinary shares (the Issue Shares) of 1 pence each in the Company at a price of 10 pence per share (the Issue Price) and admission to trading on TISE (Admission)**

#### 1. SUBSCRIPTION

- 1.1 On and subject to the terms and conditions of this letter I apply to subscribe for the following Issue Shares at the Issue Price.

**Number of Issue Shares**

- 1.2 I hereby request you to register my Issue Shares in:

**Uncertificated form (i.e. within CREST)**

**Box 1 (now complete Boxes 3 & 4)**

**Certificated form**

**Box 2 (now complete Box 3)**

- 1.3 If I have chosen above to hold the Issue Shares subscribed for or purchased by me within CREST, by ticking box 1 above, I hereby request you to deliver title, at my risk, in accordance with the instructions given in box 4 below in respect of the aforementioned Issue Shares.
- 1.4 If I have chosen to hold the Issue Shares subscribed for or purchased by me in certificated form, by ticking box 2 above, I hereby request you to deliver title, at my risk, in accordance with the instructions given in box 3 below in respect of the aforementioned Issue Shares.
- 1.5 I confirm that the Issue Shares shall be issued or transferred and registered in accordance with the instructions given in box 3 or box 4 (as appropriate) below.

- 1.6 If there is any doubt as to the registration details provided above, a share certificate will be issued.
- 1.7 I accept that the obligations accepted by me as set out in this letter are irrevocable and are not capable of termination or rescission in any circumstances. By signing and returning this letter to me, I will be deemed to have agreed as a legally binding obligation to subscribe for the number of Issue Shares indicated above on the basis of the information set out in the draft Listing Document attached, conditional on the terms and conditions of this letter (including in particular, on the condition that the warranties, confirmations, representations and undertakings given in this letter are true and accurate).
- 1.8 **My subscription is conditional, amongst other things, on Admission occurring by not later than 8.00 a.m. on 11 January 2019 (or by such later time and/or date as the Company may agree but in any event not later than 5.00 p.m. on 8 February 2019).**
- 1.9 If my subscription has not become unconditional by the time and/or date specified therein (or such later time and/or date as the Company may agree, but in any event no later than 5.00 p.m. on 8 February 2019) or is terminated before Admission, my rights and obligations shall cease at such time, and any monies paid will be returned by cheque, without interest and at my sole risk, by post.

## **2. PAYMENT**

- 2.1 I undertake to pay my subscription monies via BACS to the Company no later than 5.00 p.m. on 9 January 2019. If subscription monies or any other sum due from me in respect of my subscription are not received by or on behalf of the Company shall be authorised to cancel my subscription irrevocably.

## **3. CONFIRMATIONS, REPRESENTATIONS AND WARRANTIES**

As a term of acceptance of my subscription I confirm, undertake, represent and warrant to the Company, as appropriate, that:

- 3.1 I may lawfully acquire the Issue Shares to be subscribed;
- 3.2 my obligations under this letter are irrevocable and shall not be capable of rescission or termination by me in any circumstance;
- 3.3 I am not a national or resident of the United States (for the purposes of this letter and the Form of Confirmation "United States" means the United States of America (including any State thereof and the District of Columbia) and its territories and possessions), Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa and will not offer, sell or deliver as principal or agent, directly or indirectly, any of the Shares in or into the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa, or to or for the benefit of any persons resident in the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa or to any person purchasing such shares for re offer, sale or transfer in or into the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa in circumstances which would result in a violation of applicable securities laws;
- 3.4 none of the Shares have been or will be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) or under the securities laws of any state of the United States, and such shares may not be offered, or sold or subscribed directly or indirectly in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration of the Securities Act;
- 3.5 I was outside the United States at the time my subscription was originated and purchased and was not at such time and am not a US person (and am not acquiring on behalf of, or for the account of or benefit of, a US person) within the meaning of Regulation S promulgated under the Securities Act and will not offer, sell or deliver directly or indirectly any of the Shares in the United States;
- 3.6 none of the Shares have been or will be registered under the relevant securities laws of Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa;

- 3.7 I am not resident in any other territory in which it is unlawful to make an offer to subscribe for the Shares or to reply to this letter or to complete the Form of Confirmation and relevant settlement instruction;
- 3.8 I have complied with all relevant laws of all relevant territories, and obtained all requisite governmental or other consents which may be required in connection with my subscription, complied with all requisite formalities and have paid any issue, transfer or other taxes due in any territory and have not taken any action or omitted to take any action which will or may result in the Company or any of their members, directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any territory in connection with my subscription;
- 3.9 I am not, and am not acting on behalf of a person falling within subsection (6), (7) or (8) of section 67 and 70 respectively or subsections (2) and (3) of section 93 or subsection (1) of section 96 Finance Act 1986;
- 3.10 I have not relied on any information given or any representations, warranties, undertakings or other statements made, whether express or implied, written or oral, at any time by any person in connection with the Company, the Shares or otherwise, other than the information contained in the Listing Document and express terms of this letter, and in making my application to subscribe, I will be relying solely on the information contained in the Listing Document and in this letter and that accordingly, neither the Company, its directors, its members, employees nor any person acting on behalf of any of them shall have any liability for any other information provided, or representation made, to me;
- 3.11 I am acting as principal and for no other person and no other person has a contractual right to require the issue by the Company of any Shares;
- 3.12 I and any person acting on my behalf:
- 3.12.1 are aware of the obligations in connection with money laundering under the CJA; and
- 3.12.2 have complied and will continue to comply with my obligations pursuant to the CJA and MAR (which relates to market abuse) and the Proceeds of Crime Act 2002 to the extent applicable to me;
- 3.13 I agree that time shall be of the essence as regards my obligations pursuant to this letter;
- 3.14 I irrevocably appoint any director of the Company as agent for the purpose of executing and delivering to the Company any documents on my behalf necessary to enable me to be registered as the holder of any of the Shares;
- 3.15 I will not distribute this letter, or any other document except for the purpose of obtaining professional advice;
- 3.16 this letter is, and any contract which may be entered into between us pursuant to this letter shall constitute, a legally binding contract, and shall be governed by and construed in accordance with the laws of England and I submit to the exclusive jurisdiction of the English Courts as regards any claim, dispute or matter arising out of or related to this letter, such contract or otherwise in connection with my subscription;
- 3.17 I will not make any offer to the public of the Shares prior to Admission;
- 3.18 if required, I will make notification to the Company of any interest in its ordinary shares in accordance with Part 6 of FSMA and the FCA's Disclosure Guidance and Transparency Rules;
- 3.19 all notices, remittances and documents of title are sent to me or my agent at my own risk; and
- 3.20 I acknowledge that the Company and members, directors, employees, agents and advisers will rely upon the truth and accuracy of the confirmations, acknowledgements, representations and warranties contained in this letter.

3.21 I consent to the disclosure of personal information regarding myself and my proposed subscription as set out in this letter for the purposes of the Data Protection Act 2018 and the General Data Protection Regulation (GDPR).

**4. NO COMMISSION**

There is no commission payable to subscribers of the Issue Shares.

**5. GENERAL**

Interest will be charged in respect of payments not received in accordance with the arrangements set out above at a rate equal to two per cent. per annum above base rate as determined by us.

**6. GOVERNING LAW**

This letter and my commitment as principal to subscribe for the Issue Shares comprised in this letter shall be governed by and construed in accordance with English law and I irrevocably agree that the courts of England are to have jurisdiction to settle any dispute which may arise out of or in connection with this letter.

Yours faithfully

for and on behalf of  
**Subscriber**

## ADDITIONAL INFORMATION 1 – Issue Shares registration information

**Box 3:**

REGISTRATION DETAILS (Full name and address into which shares should be registered)	
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<b>Box 4:</b>	<b>CREST DETAILS</b> (only complete if you wish to have the Issue Shares credited into your, or your agent's, CREST account directly from The Company's registrar.)		
<b>Fund Reference</b>	<b>Quantity</b>	<b>CREST Participant ID/Name</b>	<b>Member Account ID</b>
(a) PERSON TO BE CONTACTED WITH REGARD TO SETTLEMENT ARRANGEMENTS			
<b>NAME:</b>		<b>Telephone No./Extension:</b>	
		<b>E-mail:</b>	
(b) COMPANY PERSON TO BE CONTACTED WITH REGARD TO SETTLEMENT ARRANGEMENTS			
<b>NAME: Tony Brewer</b>		<b>E-mail: tony.brewer@likewisegroup.co.uk</b>	

## **ADDITIONAL INFORMATION 2 – Delivery Free of Payment in CREST**

If you choose to hold your Issue Shares in uncertificated form, you should indicate accordingly in Section 1.2 above.

Appendix 1 contains details of the information which is required from you in order to deliver your Issue Shares within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details to credit your Issue Shares to your CREST account, your Issue Shares will be settled in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Subscription have been satisfied or waived.

The right is reserved to issue your Issue Shares in certificated form should the Company consider this to be necessary or desirable. This right is only likely to be exercised in normal circumstances in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Company's registrars in connection with CREST.

The person named for registration purposes in Box 4 (which term shall include the holder of the relevant CREST account) must be (a) the person procured by you to subscribe for or purchase the relevant Issue Shares or (b) yourselves or (c) a nominee of any such person or yourselves, as the case may be. The Company will not be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement.

By returning this letter you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the receipt and acceptance of the Issue Shares under your participation be completed prior to 12 noon on 10 January 2019 free of payment by Registrars Adjustment, following payment by you, or your settlement agent/custodian, of your subscription monies to the company as per the payment details in Paragraph 2.1 of the Subscription Letter. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum as determined by the Company.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Company:	Likewise Group plc
Security Description:	Ordinary GBP0.01
SEDOL:	BHNWH00
ISIN code:	GB00BHNWH003
TIDM:	LIKE

The Company reserves the right to deliver Issue Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Issue have been satisfied.

**APPENDIX 2 – ARTICLES OF ASSOCIATION**

**LIKEWISE GROUP PLC**  
**(company number 08010067)**

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**adopted on 9 January 2019**

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**Company number: 08010067**

**PUBLIC COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION OF  
LIKEWISE GROUP PLC**

**(adopted by special resolution passed on 9 January 2019)**

**1. EXCLUSION OF STATUTORY REGULATIONS**

No regulations set out in any statute (including any schedule to any statute) or in any subordinate legislation shall apply as regulations or articles of association of the Company.

**2. DEFINITIONS AND INTERPRETATION**

2.1 In these Articles the following definitions apply:

**Act**

the Companies Act 2006;

**address**

in relation to Electronic Communications, includes any number or address used for the purposes of Electronic Communications (including in the case of an Uncertificated Proxy Instruction (as defined in article 20.4.1) an identification number of a participant in the Relevant System concerned);

**Appropriate Rate**

has the meaning attributed to it in section 592 of the Act;

**Auditors**

the auditors for the time being of the Company;

**Board**

the Directors or any of them acting as the board of Directors of the Company;

**Certificated Share**

a share in the capital of the Company that is not an Uncertificated Share;

**Clear Days**

in relation to the sending of a notice, the period excluding the day on which the notice is sent or deemed to be sent and the day for which it is sent or on which it is to take effect;

**Company**

Likewise Group plc (company number 08010067);

**Director**

a duly appointed director of the Company for the time being;

**Dividend**

dividend or bonus;

**Electronic Communication;**

has the meaning give in the Electronic Communications Act 2000;

**Electronic facility**

includes website addresses and conference call systems, and any device, system, procedure, method or other facility providing an electronic means of attendance at or participation in (or both attendance at and participation in) a general meeting determined by the Board under article 15.4.1;

**Electronic form;**

has the meaning given in the Act;

**Electronic means;**

has the meaning given in the Act;

**FCA**

the Financial Conduct Authority acting as the competent authority for the purposes of the Financial Services and Markets Act 2000;

**Group**

the Company and any subsidiary of the Company for the time being, and Group Company shall mean any such company;

**Holder**

in relation to any share, the Member whose name is entered in the Register as the holder of that share;

**Member or Shareholder**

a holder for the time being of a Share;

**Month**

a calendar month;

**Office**

the registered office for the time being of the Company;

**Ordinary Shares**

an ordinary share of £0.01 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles;

**Paid up**

paid up or credited as paid up;

**Recognised Clearing House**

has the meaning given in the Financial Services and Markets Act 2000;

**Recognised Investment Exchange**

has the meaning given in the Financial Services and Markets Act 2000;

**Register**

in relation to a Certificated Share or the holder of such a Certificated Share, the register of Members to be kept pursuant to the Act and in relation to an Uncertificated Share or the holder of such an Uncertificated Share, the register of Members kept by the operator of the Relevant System through which title to that share is evidenced and transferred, and registered shall be construed accordingly;

**Regulations**

the Uncertificated Securities Regulations 2001;

**Regulatory Requirements**

the requirements (as applicable in the circumstances) for the time being of the City Code on Takeovers and Mergers, the FCA, the London Stock Exchange plc and/or any other stock exchange (and any supervising regulatory body of such stock exchange) on which securities of the Company are traded from time to time, including the Listing Rules of the FCA, the Admission and Disclosure Standards of the London Stock Exchange plc and the AIM Rules for Companies all as published by the London Stock Exchange plc (as appropriate from time to time);

**Relevant System**

has the meaning give in the Regulations;

**Reserved Matters**

those matters identified from time to time by the Board pursuant to article 30.1;

**Secretary**

the secretary of the Company, including (subject to the Statutes) an assistant or deputy secretary, and any person appointed by the Board to perform any of the duties of the secretary;

**Share**

any share in the capital of the Company;

**Statutes**

the Act and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company, and every statutory modification or re-enactment of the same for the time being in force;

**Uncertificated Share**

a share in the capital of the Company which is recorded on the Register as being held in uncertificated form and title to which may be transferred by means of a Relevant System;

**United Kingdom**

Great Britain and Northern Ireland; and

**Working day**

has the meaning given in section 1173 of the Act.

- 2.2 These Articles shall constitute all the articles of association of the Company.
- 2.3 In these Articles a reference to:
- 2.3.1 a statutory provision includes a reference to the statutory provision as replaced, modified or re-enacted from time to time before or after the date of adoption of these Articles and any subordinate legislation made under the statutory provision before or after that date;
  - 2.3.2 a “subsidiary” shall include a reference to a “subsidiary” and a “subsidiary undertaking” (each as defined in the Act) and a reference to a “holding company” shall include a reference to a “holding company” and a “parent undertaking” (each as defined in the Act);
  - 2.3.3 a person includes a reference to an individual, body corporate, association, government, state, agency of state or any undertaking (whether or not having a legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
  - 2.3.4 “these Articles” is to these articles of association and a reference to an article is to an article of these Articles, in each case as amended from time to time in accordance with the terms of these Articles and the Act;
  - 2.3.5 a “meeting” is a meeting convened and held in any manner permitted by these Articles, including a general meeting at which some, but not all, of those entitled to be present attend and participate by means of electronic facility or facilities, and those persons shall be deemed to be present at that meeting for all purposes of the Act and these Articles, and “attend”, “participate”, “attending”, “participating”, “attendance” and “participation” shall be construed accordingly;
  - 2.3.6 “writing” shall include any mode of reproducing words in a legible and non-transitory form; and
  - 2.3.7 any agreement or document is to that agreement or document as in force for the time being and as amended from time to time in accordance with the terms of that agreement or document or with the agreement of all the relevant parties.
- 2.4 Where an ordinary resolution of the Company is required for any purpose, a special resolution is also effective for that purpose.
- 2.5 The contents table and headings in these Articles are for convenience only and do not affect the interpretation or construction of these Articles.
- 2.6 Words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 2.7 The words “other”, “include”, “including” and “in particular” do not limit the generality of any preceding words and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible.
- 2.8 These Articles shall be binding on and shall survive for the benefit of the personal representatives and successors-in-title of each Member.
- 2.9 Nothing in these Articles prevents or restricts the holding and conducting of a general meeting by electronic means or electronic facility in a way that persons who are not present together in the same place may attend and participate in it.
- 2.10 Subject to article 2.1 and unless the context otherwise requires, all words and expressions which are defined in the Act shall have the same meanings in these Articles.
- 2.11 In these Articles:
- 2.11.1 powers of delegation shall not be restrictively construed but shall be given the widest interpretation;

- 2.11.2 the word **Board** in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more Directors, any Director holding executive office and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated;
- 2.11.3 no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and
- 2.11.4 except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under these Articles or under another delegation of power.

### **3. LIABILITY OF MEMBERS**

The liability of the Members is limited to the amount, if any, unpaid on the shares held by them.

### **4. SHARE CAPITAL**

#### **4.1 Allotment of shares**

4.1.1 Subject to the Statutes, these Articles and any relevant authority of the Company in general meeting required by the Act, the Directors may allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of shares to or in favour of such persons, on such terms and conditions, at such price and at such times as the Directors may in their absolute discretion think fit.

4.1.2 The Board may at any time after the allotment of a share but before a person has been entered in the Register as the holder of the share recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on such terms and conditions as the Board thinks fit.

#### **4.2 Shares with special rights**

Subject to the provisions of the Statutes and to any rights attached to existing shares or class of shares, any share may be issued with, or have attached to it, such rights and restrictions as the Company may by ordinary resolution determine.

#### **4.3 Redeemable shares**

Subject to the provisions of the Statutes and to any rights attached to existing shares, any shares may be issued on terms that they are, or at the option of the Company or the holder are, liable to be redeemed on such terms and conditions and in such manner as may be determined by the Directors.

#### **4.4 Share warrants to bearer**

4.4.1 The Company may issue share warrants in respect of any fully paid shares stating that the bearer of the warrant is entitled to the shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends on the shares included in a share warrant. Any share while represented by such a warrant shall be transferable by delivery of the warrant relating to it.

4.4.2 The Board may determine, and from time to time vary, the conditions on which share warrants to bearer shall be issued including the conditions on which:

- (a) a new warrant or coupon shall be issued in place of one worn-out, defaced, lost or destroyed (but no new warrant shall be issued unless the Company is satisfied beyond reasonable doubt that the original has been destroyed);
- (b) the bearer shall be entitled to receive notice of, and attend and vote at, general meetings;
- (c) dividends or other moneys shall be paid; and

(d) a warrant may be surrendered and the name of the bearer entered in the Register in respect of the shares specified in the warrant.

4.4.3 The bearer of such a warrant shall be subject to the conditions for the time being in force in relation to the warrant, whether made before or after the issue of the warrant. Subject to those conditions and to the provisions of the Statutes, the bearer shall be deemed to be a Member and shall have the same rights and privileges as he would have if his name had been included in the Register as the holder of the shares comprised in the warrant.

4.4.4 The Company shall not be bound by or be compelled in any way to recognise any right in respect of the share represented by a share warrant other than the bearer's absolute right to the warrant.

#### 4.5 **Power to pay commission and brokerage**

4.5.1 In addition to all other powers of paying commissions, the Company may exercise the powers conferred by the Statutes of paying commissions to any person in consideration of his subscribing or agreeing to subscribe for any shares or procuring or agreeing to procure subscriptions for any shares.

4.5.2 Subject to the provisions of the Statutes and the requirements of the London Stock Exchange plc and/or any other stock exchange (and any supervising regulatory body of such stock exchange) on which securities of the Company are traded from time to time or the FCA (as the case may be), such commission may be satisfied by payment of cash or (with the sanction of an ordinary resolution of the Company) the allotment of fully or partly paid shares or partly in one way and partly in the other.

4.5.3 The Company may also on any issue of shares pay such brokerage as may be lawful.

#### 4.6 **Trusts not recognised**

Except as required by law or these Articles, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required to recognise (even when having notice of it) any interest in or in respect of any share, except the holder's absolute right to the entirety of the share.

### 5. **CLASSES OF SHARES**

#### 5.1 **Variation of rights**

5.2 Subject to the provisions of the Statutes if at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class may be varied or abrogated:

5.2.1 in such manner (if any) as may be provided by such rights; or

5.2.2 in the absence of any such provision, either:

(a) with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the shares of that class; or

(b) with the sanction of a special resolution passed at a separate meeting (convened and conducted pursuant to the provisions of article 5.3) of the holders of the shares of that class, but not otherwise and then only subject to section 633 of the Act.

#### 5.3 **Class meetings**

The provisions of these Articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, *mutatis mutandis*, to every meeting of the holders of any class of shares, except that:

5.3.1 no Member shall be entitled to notice of, or to attend at, such class meeting unless he is a holder of shares of the relevant class;

- 5.3.2 no vote shall be given except in respect of a share of the relevant class;
- 5.3.3 the quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class;
- 5.3.4 at an adjourned meeting the quorum shall be one person holding shares of the class or his proxy;
- 5.3.5 every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
- 5.3.6 a poll may be demanded by any one holder of shares of the class, present either in person, by proxy or by a duly appointed corporate representative and, on a poll, each Member has one vote for every share of the relevant class of which he is the holder.

#### 5.4 **Deemed variation**

Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall not be deemed to be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of any of its own shares or by a reduction of capital paid up on the shares of any class.

## 6. **ALTERATION OF SHARE CAPITAL**

### 6.1 **Fractions**

- 6.1.1 Subject to any direction by the Company in general meeting, whenever as a result of any consolidation and division or sub-division of shares a Member is entitled to a fraction of a share, the Directors may deal with such fractions as they shall determine and, in particular, may:
  - (a) sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the Statutes, the Company) and pay and distribute to and amongst the Members entitled to such shares in due proportions the net proceeds of the sale except that where a Member is entitled to net proceeds of sale of less than £3 (or such other amount as the Board, having regard to any relevant requirement of the London Stock Exchange and/or any other stock exchange (and any supervising regulatory body of such stock exchange) on which securities of the Company are traded from time to time, may determine), such proceeds will not be distributed but will be retained for the benefit of the Company; or
  - (b) subject to the Statutes, issue to a Member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or subdivision, as the case may be).
- 6.1.2 For the purpose of giving effect to a sale pursuant to article 6.1.1(a), the Directors may:
  - (a) if the share is a Certificated Share, authorise any person to execute an instrument of transfer in respect of the share to, or in accordance with the directions of, the buyer; or
  - (b) if the share is an Uncertificated Share, exercise any of the Company's powers under article 8.5 to effect the sale of the share to, or in accordance with the directions of, the buyer.
- 6.1.3 For the purposes of article 6.1.1(b) the amount required to pay up the shares representing the fractions may be capitalised as the Board thinks fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Board capitalising part of the reserves for this purpose has the same effect as if the capitalisation had been declared by ordinary

resolution of the Company pursuant to article 36. In relation to the capitalisation the Board may exercise all the powers conferred on it by article 36 without an ordinary resolution of the Company.

## 6.2 **Reduction of capital**

The Company may from time to time by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised by the Statutes and the rights attached to existing shares.

## 6.3 **Cancellation of capital**

The Company may by ordinary resolution cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal value of the shares so cancelled.

## 6.4 **Purchase of own shares**

The Company may purchase its own shares (including any redeemable shares) in accordance with the Statutes.

# 7. **DISCLOSURE OF INTERESTS**

## 7.1 **Section 793 notice**

If a holder of, or any other person appearing to be interested in, any shares has been issued with a notice by the Company pursuant to section 793 of the Act (a Section 793 Notice) and has failed in relation to any shares (the Default Shares) to comply with the Section 793 Notice within 14 days from the service of the notice, the Board may serve on the holder of such Default Shares a notice where upon the restrictions set out in article 7.2 shall apply, unless the Board otherwise decides.

## 7.2 **Restrictions**

The restrictions referred to in article 7.1 are as follows:

- 7.2.1 the holder of the Default Shares shall not be entitled in respect of the Default Shares to be present or to vote (either in person or by proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll;
- 7.2.2 if the Default Shares represent 0.25 per cent. or more in nominal value of the issued shares of their class, the holder of the Default Shares shall not be entitled in respect of the Default Shares:
  - (a) to receive any dividend or other distribution; or
  - (b) other than an Exempt Transfer (as defined in article 7.3 below) to transfer or agree to transfer any of the Default Shares; and
- 7.2.3 any Uncertificated Shares held by such holder will be converted immediately into Certificated Shares (and the Board shall be entitled to direct the operator of any Relevant System applicable to those shares to effect that conversion immediately) and that holder shall not after that be entitled to convert such shares into Uncertificated Shares (except with the authority of the Board) unless:
  - (a) the holder is not himself in default as regards supplying the information required; and
  - (b) the shares which the holder wishes to convert are part only of his shareholding and he has issued a certificate, in a form satisfactory to the Board, to the effect that after due and careful enquiry he is satisfied that none of the shares he is proposing to convert into uncertificated form are Default Shares.

### 7.3 **Exempt transfer**

For the purposes of this article 7 an **Exempt Transfer** in relation to any shares means a transfer pursuant to:

- 7.3.1 a sale on a Recognised Investment Exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded;
- 7.3.2 a sale of the whole beneficial interest in the shares to a person whom the Board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the shares; or
- 7.3.3 a sale by way of or pursuant to acceptance of a takeover offer (as defined in section 974 of the Act).

### 7.4 **Removal of restrictions**

The restrictions referred to in article 7.2 shall cease:

- 7.4.1 if they are waived, in whole or in part, by the Board;
- 7.4.2 if the Default Shares are transferred by means of an Exempt Transfer (but only in respect of the shares transferred); or
- 7.4.3 at the end of the period of 7 days (or such shorter period as the Board may determine) following due compliance with the Section 793 Notice to the satisfaction of the Board,

save that the Company shall not have any liability to pay interest in respect of any dividend or other distribution which has been withheld pursuant to article 7.2.2(a).

### 7.5 **Interested persons**

7.5.1 If a Section 793 Notice is given to a person, other than the holder, appearing to be interested in any shares, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non-receipt of the copy by the holder shall not invalidate or otherwise affect the operation of this article 7.

7.5.2 A person shall be treated as appearing to be interested in any share if the Company has given to the holder of the share a Section 793 Notice and:

- (a) the holder has named the person as being interested in the share; or
- (b) after taking into account any response to a Section 793 Notice and any other relevant information, the Company knows or has reasonable cause to believe that the person in question is, or may be, interested in the share.

7.5.3 For the purpose of this article 7, **interested** shall be construed as it is for the purpose of section 793 of the Act.

### 7.6 **Entitlement to withheld distributions**

If any dividend or other distribution is withheld under article 7.2.2(a), the Member shall be entitled to receive it (without interest) as soon as practicable after the restriction ceases to apply.

### 7.7 **Restrictions apply to new shares**

Any new shares issued in respect of any shares subject to restrictions under article 7.2 shall also be subject to the same restrictions. The Board may make any right to an allotment of the new shares subject to restrictions corresponding to those which will apply to those shares when such shares are issued.

## **8. UNCERTIFICATED SHARES**

### **8.1 Uncertificated Shares**

Pursuant to and subject to the Regulations, the Board may permit shares of any class to be held in uncertificated form and to be transferred or otherwise dealt with by means of a Relevant System and may revoke any such permission.

### **8.2 Disapplication of inconsistent articles**

Any provisions of these Articles shall not apply to any shares for the time being held in uncertificated form to the extent that the provisions are inconsistent with:

- 8.2.1 the holding of shares in uncertificated form;
- 8.2.2 the transfer of title to shares by means of a Relevant System; or
- 8.2.3 the Regulations.

### **8.3 General powers**

- 8.3.1 The Board may make such arrangements or regulations (if any) as it may from time to time in its absolute discretion think fit in relation to the evidencing, issue and transfer of Uncertificated Shares and otherwise for the purpose of implementing and/or supplementing the provisions of this article 8 and the Regulations and the facilities and requirements of the Relevant System, and such arrangements and regulations shall have the same effect as if set out in this article 8.
- 8.3.2 The Company may use the Relevant System in which any of its shares are held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Statutes or these Articles or otherwise in effecting any actions.
- 8.3.3 For the purpose of effecting any action by the Company, the Board may determine that Uncertificated Shares held by a person shall be treated as a separate holding from Certificated Shares held by that person.
- 8.3.4 Conversion of Certificated Shares into Uncertificated Shares, and vice versa, may be made in such manner as the Board may in its absolute discretion think fit (subject to the Regulations).

### **8.4 Not separate class**

Shares in a particular class shall not form a separate class of shares from other shares in that class because they are held in uncertificated form.

### **8.5 Power of sale, etc**

Where the Company is entitled under any provision of the Regulations, the Statutes or these Articles to forfeit, accept the surrender of, enforce a lien over, sell, transfer or otherwise dispose of any Uncertificated Share, such entitlement (to the extent permitted by the Regulations and other Statutes and the facilities and requirements of the Relevant System) shall include the right:

- 8.5.1 to require the holder of that Uncertificated Share, by notice in writing, to change that share into a Certificated Share within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
- 8.5.2 to require the holder of that Uncertificated Share, by notice in writing, to give any instructions necessary to transfer title to that share by means of the Relevant System within the period specified in the notice;
- 8.5.3 to require the holder of that Uncertificated Share, by notice in writing, to appoint any person to take any step, including the giving of any instruction by means of the Relevant System, necessary to transfer that share within the period specified in the notice;

- 8.5.4 to assume that the entries on any record of securities maintained by it in accordance with the Regulations and regularly reconciled with the relevant operator register of securities are a complete and accurate reproduction of the particulars entered in the operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on such information; and
- 8.5.5 to take any other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or to enforce a lien in respect of that share.

## **9. SHARE CERTIFICATES**

### **9.1 Entitlement to certificate**

On becoming the holder of any Certificated Share, every Member (except a financial institution as defined in section 778(2) of the Act) shall be entitled, without payment, to receive one certificate for all the Certificated Shares of each class held by him. Shares of different classes shall not be included in the same certificate. If the Member transfers part of the shares represented by a certificate, or elects to hold part in uncertificated form, he shall be entitled, without payment, to receive a new certificate for the balance of those shares. No Member shall be entitled to more than one certificate in respect of any one share held by him.

### **9.2 Form of certificate**

9.2.1 Every share certificate shall:

- (a) be issued under the common seal of the Company (by affixing that seal to or printing that seal or a representation of it on the certificate); or
- (b) be signed by at least one Director and the Secretary or by at least two Directors or by at least one Director signing in the presence of a witness who attests that signature (which, in any case, may include any signature applied mechanically or electronically)

or be issued in such other manner as the Board may approve from time to time.

9.2.2 Every share certificate shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

### **9.3 Joint holders**

In the case of joint holders, the Company shall not be bound to issue more than one certificate for all shares in any particular class registered in their joint names, and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.

### **9.4 Replacement certificates**

9.4.1 If a share certificate is damaged, defaced or worn-out or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued on compliance with such conditions as to evidence, indemnity and security for such indemnity and on the payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Board may think fit and, in the case of defacement or wearing out, on delivery up of the old certificate.

9.4.2 Where a Member holds two or more certificates for certificated shares of one class, the Board may at his request, on surrender of the original certificates and without payment, cancel the certificates and issue a single replacement certificate.

9.4.3 At the request of a Member, the Board may cancel a certificate and issue two or more in its place (representing certificated shares in such proportions as the Member may specify) on surrender of the original certificate and on payment of such reasonable sum as the Board may determine.

## **10. LIEN ON SHARES**

### **10.1 Lien on partly paid shares**

The Company shall have a first and paramount lien on every share which is not fully paid, for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount (including dividends) payable in respect of that share. The Board may waive any lien which has arisen and may declare any share to be wholly or partly exempt from this article 10.

### **10.2 Enforcement of lien**

The Company may sell any share subject to a lien in such manner as the Board may decide if an amount in respect of which the lien exists is due and is not paid within 14 days after a notice has been given to the holder of the share, or any person entitled to it by transmission, demanding payment of that amount and stating that the share may be sold if the notice is not complied with.

### **10.3 Giving effect to sale**

To give effect to a sale under article 10.2, the Board may:

10.3.1 if the share is a Certificated Share, authorise any person to execute an instrument of transfer in respect of the share to, or in accordance with the directions of, the buyer; or

10.3.2 if the share is an Uncertificated Share, exercise any of the Company's powers under article 8.5 to effect the sale of the share to, or in accordance with the directions of, the buyer.

The buyer shall not be bound to see to the application of the purchase money nor shall his title be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

### **10.4 Application of sale proceeds**

The net proceeds of any sale of a share pursuant to this article 10, after payment of costs, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently due as existed on the share before the sale and, if the share is a Certificated Share, upon the surrender of the share certificate or provision of an indemnity as to any lost or destroyed certificate) be paid to the holder or person entitled by transmission to the share immediately before the sale.

## **11. CALLS ON SHARES**

### **11.1 Power to make calls**

Subject to the terms of allotment, the Board may make calls on the Members in respect of any amounts unpaid on their shares (whether in respect of nominal amount or premium) and each Member shall (subject to receiving at least 14 Clear Days' notice specifying when and where payment is to be made) pay to the Company the amount called on his shares as required by the notice. A call may be revoked or postponed in whole or in part as the Board may decide. A call may be made payable in one sum or by instalments.

### **11.2 Time when call made**

A call shall be deemed to be made at the time when the resolution of the Board authorising that call is passed. Entry into the minute book of such resolution is conclusive evidence of the making of the call.

### **11.3 Transfer**

A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.

### **11.4 Joint holders**

The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

### **11.5 Interest on calls**

If a call is not paid in full on or before the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as may be fixed by the terms of allotment of the share or, if no such rate is fixed, at the Appropriate Rate. The Board may waive payment of the interest in whole or in part.

### **11.6 Rights suspended when calls unpaid**

Unless the Board otherwise decides, a Member shall not be entitled to attend, speak or vote, either in person or by proxy, at any general meeting of the Company or to exercise any other right as a Member in respect of any share held by him unless and until all calls and other sums presently payable by him in respect of that share have been paid.

### **11.7 Deemed calls**

A sum which, by the terms of allotment of a share, is payable on allotment or at a fixed time, or by instalments at fixed times, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non-payment, these Articles shall apply as if that sum had become payable by virtue of a call.

### **11.8 Power to differentiate**

On any issue of shares the Board may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

### **11.9 Payment of calls in advance**

The Board may, if it thinks fit, receive all or any part of the amounts payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance. Such payment in advance shall extinguish the liability on the share in respect of which it is made to the extent of the payment. The Board may pay interest on sums paid in advance (until such sums would otherwise be due) at such rate as may be agreed between the Board and the Member paying the sum in advance provided that such rate shall not exceed the Appropriate Rate without the sanction of the Company given by ordinary resolution.

### **11.10 Power to make calls if uncalled capital included in mortgage**

If any uncalled capital of the Company is included in or charged by any mortgage, charge or other security, the Directors may delegate to the person in whose favour such mortgage, charge or security is executed, or to any other person in trust for him, the power to make calls on the Members in respect of such uncalled capital and to sue in the name of the Company or otherwise for the recovery of moneys becoming due in respect of calls so made and to give valid receipts for such moneys. The power so delegated may (if expressed so to be) be assignable.

## **12. FORFEITURE OF SHARES**

### **12.1 Notice of unpaid calls or instalments**

If a call or instalment remains unpaid on any share, in whole or in part, after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall:

- 12.1.1 state a further day, being not less than 14 days from the date of the notice, on or before which payment is to be made;
- 12.1.2 name the place where payment is to be made; and
- 12.1.3 state that, if the notice is not complied with, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.

### **12.2 Information request**

The Directors may from time to time require any Member to provide, or to procure that any person named as a transferee in any transfer lodged for registration provides, such information and evidence as the Directors may reasonably require for the purpose of establishing the legal and beneficial owner of any of the Shares. Pending such information or evidence being provided, the Directors are entitled refuse to register any relevant transfer of Shares

### **12.3 Forfeiture for non-compliance**

If the requirements of a notice given under article 12.1 are not complied with or if the requirements to provide information under article 12.2 are not complied with, any share in respect of which the notice or request was given may, before the payment required by the notice has been made or before any transfer be registered, be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other sums payable in respect of the forfeited share and not actually paid before the forfeiture.

### **12.4 Notice after forfeiture**

If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission, and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the Register, but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

### **12.5 Surrender**

The Board may accept a surrender of any share liable to be forfeited. A surrendered share shall be treated as if it had been forfeited for the purposes of these Articles.

### **12.6 Power to annul forfeiture**

The Board may, at any time before the forfeited share has been sold, re-allotted or otherwise disposed of, annul the forfeiture upon payment of all calls and interest due on the share and all expenses incurred in respect of the share, and on such further terms (if any) as the Board thinks fit.

### **12.7 Disposal of forfeited shares**

Subject to the Statutes, every share which is forfeited shall become the property of the Company and may be sold, re-allotted or otherwise disposed of (either to the person who was before the forfeiture the holder of the share or to any other person) upon such terms and in such manner as the Board shall decide.

## 12.8 Giving effect to disposal

To give effect to a sale, re-allotment or disposal under article 12.7, the Board may:

- 12.8.1 if the share is a Certificated Share, authorise any person to execute an instrument of transfer in respect of the share to, or in accordance with the directions of, the buyer; or
- 12.8.2 if the share is an Uncertificated Share, exercise any of the Company's powers under article 8.5 to effect the sale of the share to, or in accordance with the directions of, the buyer.

The buyer shall not be bound to see to the application of the purchase money nor shall his title be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

## 12.9 Effect of forfeiture

12.9.1 A person whose share has been forfeited shall cease to be a Member in respect of the forfeited share and shall, if the share is a Certificated Share, surrender the share certificate to the Company for cancellation. The person shall remain liable (unless payment is waived in whole or in part by the Board) to pay to the Company all sums payable by him on or in respect of that share at the time of forfeiture, together with interest from the time of forfeiture until payment at such rate as the Board shall decide, in the same manner as if the share had not been forfeited. He shall also be liable to satisfy all the claims and demands (if any) which the Company has enforced in respect of the share at the time of forfeiture. No deduction or allowance shall be made for the value of the share at the time of forfeiture or for any consideration received on its disposal.

12.9.2 Subject to the provisions of the Statutes:

- (a) any share which has been forfeited and the rights attaching to it shall be deemed to be the property of the Company;
- (b) no voting rights shall be exercised in respect of such forfeited share; and
- (c) the Directors may within three years of such forfeiture sell, re-allot or otherwise dispose of such forfeited share in such manner as they think fit to any person and either with or without any past or accruing dividends and, in the case of re-allotment, with or without any money paid on such share by the former holder being credited as paid-up on such share. The Directors may, if necessary, authorise some person to execute a transfer of a forfeited share to any person as above.

12.9.3 Any forfeited share which is not disposed of in accordance with the provisions of this article 12.9 within a period of three years from the date of its forfeiture shall thereupon be cancelled in accordance with the provisions of the Statutes.

## 12.10 Evidence of forfeiture

A statutory declaration by a Director or the Secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer, or transfer by means of the Relevant System, as the case may be) constitute a good title to the share.

## 13. TRANSFER OF SHARES

### 13.1 Right to transfer shares

Subject to the restrictions in these Articles, a Member may transfer all or any of his shares in any manner which is permitted by the Statutes and is from time to time approved by the Board.

### 13.2 Transfers of Uncertificated Shares

13.2.1 The Company shall register the transfer of any Uncertificated Shares in accordance with the Regulations and other Statutes.

13.2.2 Where permitted by the Regulations and other Statutes, the Board may, in its absolute discretion and without giving any reason for its decision, refuse to register any transfer of an Uncertificated Share.

### 13.3 Transfers of Certificated Shares

13.3.1 An instrument of transfer of a Certificated Share may be in any usual form or in any other form which the Board may approve and shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee. An instrument of transfer need not be under seal.

13.3.2 The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of it.

13.3.3 Subject to any Regulatory Requirements and any rules or regulations of the London Stock Exchange and/or any other stock exchange (and any supervising regulatory body of such stock exchange) on which securities of the Company are traded from time to time or any rules published by the FCA applicable to the Company from time to time, the Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a Certificated Share unless:

- (a) it is in respect of a share which is fully paid up;
- (b) the instrument of transfer is left at the Office, or at such other place as the Board may decide, for registration;
- (c) the instrument of transfer is accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares;
- (d) the instrument of transfer is duly stamped (if so required);
- (e) it is in respect of only one class of shares; and
- (f) it is in favour of not more than four transferees.

13.3.4 In the case of a transfer by a Recognised Clearing House (or nominee of a Recognised Clearing House) or a Recognised Investment Exchange, the lodgement of a share certificate will only be necessary if and to the extent that a certificate has been issued in respect of the share in question.

### 13.4 Notice of refusal to register

If the Board refuses to register a transfer of a share it shall give notice to the transferee of the refusal within two months after the date on which the instrument of transfer was lodged with the Company or the operator-instruction (as defined in the Regulations) was received, as the case may be.

### 13.5 No fee payable on registration

No fee shall be charged for registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

### 13.6 Retention of transfers

The Company shall be entitled to retain an instrument of transfer which is registered, but an instrument of transfer which the Board refuses to register shall (except in the case of fraud or suspicion of fraud) be returned to the person presenting it.

## **14. TRANSMISSION OF SHARES**

### **14.1 Transmission on death**

If a Member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his shares. Nothing in these Articles shall release the estate of a deceased Member (whether a sole or joint holder) from any liability in respect of any share held by him.

### **14.2 Elections permitted**

14.2.1 A person becoming entitled to a share by transmission on the death or bankruptcy of any Member may, on production of any evidence as to his entitlement as the Board may require, elect either to become the holder of the share or to have another person nominated by him registered as the transferee.

14.2.2 If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered and the share is a Certificated Share, he shall execute an instrument of transfer of the share to that person. If he elects to have another person registered and the share is an Uncertificated Share, he shall take any action the Board may require (including the execution of any document and the giving of any instruction by means of a Relevant System) to effect the transfer of the share to that person.

14.2.3 All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer or other document or action as if it were a transfer effected by the Member from whom the title by transmission is derived and the event giving rise to the transmission had not occurred.

### **14.3 Board may require election**

The Board may at any time send a notice requiring any person becoming entitled by transmission to a share to elect either to be registered himself or to transfer the share. If after 60 days the notice has not been complied with, the Board may withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

### **14.4 Rights of persons entitled by transmission**

A person becoming entitled by transmission to a share shall, on production of any evidence as to his entitlement as the Board may require and subject to article 14.3, have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share and shall have the same rights in relation to the share as he would have if he were the holder except that, until he becomes registered as the holder of the share, he shall not be entitled to receive notice of or to attend, speak or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares of the Company.

## **15. GENERAL MEETINGS**

### **15.1 Annual general meetings**

A general meeting shall be held in every year as the annual general meeting of the Company, at such time (within a period of not more than six months beginning with the day following the Company's accounting reference date) and place, including partly (but not wholly) by means of electronic facility or facilities, as may be determined by the Directors. The general meetings referred to in this article 15.1 shall be called annual general meetings.

## 15.2 General meetings

- 15.2.1 All general meetings, other than an annual general meeting, shall be called general meetings.
- 15.2.2 The Board may convene a general meeting whenever, and at such time and place, including partly (but not wholly) by means of electronic facility or facilities, as it thinks fit. The Board shall also convene a general meeting on the requisition of Members pursuant to the Statutes. In the case of a general meeting convened on a requisition of the Members, no business other than that stated in the requisition proposed by the Board shall be transacted.
- 15.2.3 Subject to article 16.3.2, the Board may make whatever arrangements it considers suitable to allow those entitled to do so to attend and participate in any general meeting.
- 15.2.4 The Board shall determine in relation to each general meeting the means of attendance at and participation in the meeting, including whether the persons entitled to attend and participate in the meeting shall be enabled to do so:
- (a) (subject to article 16.3.2) by means of electronic facility or facilities under article 15.4.1 (and for the avoidance of doubt, the Board shall be under no obligation to offer or provide such facility or facilities, whatever the circumstances); and/or
  - (b) by simultaneous attendance and participation at a satellite meeting place or places under article 15.4.3.

## 15.3 Insufficient directors to convene meeting

If there are insufficient Directors in the United Kingdom to convene a general meeting, any Director or any two Members may convene a general meeting.

## 15.4 Electronic meetings

- 15.4.1 Without prejudice to article 15.4.3, the Board may resolve to enable persons entitled to attend and participate in a general meeting to do so partly (but not wholly) by simultaneous attendance and participation by means of electronic facility or facilities, and may determine the means of attendance and participation used relating to the general meeting.
- 15.4.2 The members present in person or by proxy by means of an electronic facility or facilities (as so determined by the Board) shall be counted in the quorum for, and be entitled to participate in, the general meeting. That meeting shall be duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available throughout the meeting to ensure that members attending by all means (including the means of an electronic facility or facilities) are able to:
- (a) participate in the business for which the meeting has been convened;
  - (b) hear all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and, if applicable, any satellite meeting place; and
  - (c) be heard by all other persons attending and participating in the meeting.
- 15.4.3 The provisions in article 15.4.2 shall also apply when the Board resolves that persons entitled to attend and participate in a general meeting do so by simultaneous attendance and participation at a satellite meeting place or places.

## 16. NOTICE OF GENERAL MEETINGS

### 16.1 Contents of notice

- 16.1.1 The notice shall specify whether the meeting is an annual general meeting or a general meeting.

- 16.1.2 Every notice calling a general meeting shall specify the place (including any satellite meeting place or places under article 15.4.3), date and time of the meeting.
- 16.1.3 If under article 15.4 the Board determines that a general meeting shall be held partly by means of electronic facility or facilities, the notice shall:
- (a) include a statement to that effect;
  - (b) specify the means of attendance and participation at the general meeting, and any access, identification and security arrangements determined under article 17.7.2; and
  - (c) state how it is proposed that persons attending or participating in the meeting electronically should communicate with each other during the meeting.
- 16.1.4 The notice shall specify any arrangements made for the purpose of article 15.4.3.
- 16.1.5 The meeting shall be deemed to take place at the place where the chairman of the meeting is located (the principal meeting place, with any other location where that meeting takes place being referred to in these Articles as a satellite meeting place).
- 16.1.6 The chairman shall be present at, and the meeting shall be deemed to take place at, the principal meeting place and the powers of the chairman shall apply equally to each satellite meeting place, including the power to adjourn the meeting in article 17.4.1.

## 16.2 Recipients of notice

- 16.2.1 Subject to article 16.2.2, the notice shall be given to all Members (other than any who, under the provisions of these Articles or of any restrictions imposed on any shares, are not entitled to receive such notice from the Company) and to each Director and the Auditors.
- 16.2.2 The Company shall not be required to give notice of a general meeting to a Member for whom the Company no longer has a valid address.

## 16.3 Entitlement to attend and vote

- 16.3.1 For the purposes of determining which persons are entitled to attend, speak and/or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time, not more than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend, speak or vote at the meeting.
- 16.3.2 Nothing in these Articles authorises or allows a general meeting to be held exclusively on an electronic basis.

## 16.4 Omission to send notice

The accidental omission to send a notice of meeting or a form of proxy or any other document relating to a meeting to, or the non-receipt of the notice, form of proxy or other document by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

## 16.5 Period of notice

- 16.5.1 A general meeting shall be called by at least such minimum notice as is required or permitted by the Act. The period of notice shall in either case be exclusive of the day in which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given to all Members other than those who are not entitled to receive such notices from the Company. The Company may give such notice by any means or combination of means permitted by the Act.

16.5.2 Subject to the provisions of the Act, and notwithstanding that it is convened by shorter notice than that required by article 16.5.1, a general meeting shall be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all the Members entitled to attend and vote at the meeting; and
- (b) in the case of any other general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority who together hold not less than 95 per cent. in nominal value of the shares giving that right (excluding any shares in the Company held as treasury shares).

## **17. PROCEEDINGS AT GENERAL MEETINGS**

### **17.1 Quorum**

17.1.1 No business shall be transacted at any general meeting unless the requisite quorum shall be present when the meeting proceeds to business. The appointment of a chairman in accordance with the provisions of these Articles shall not be treated as part of the business of the meeting.

17.1.2 Subject to article 17.2 the quorum for any general meeting shall be two Members, present either in person, by proxy or by a duly authorised corporate representative, entitled to vote. For the avoidance of doubt, two persons present and entitled to vote upon the business to be transacted, each being a proxy for the same Member appointed to exercise the rights attached to different shares, shall also be a quorum.

### **17.2 Proceedings if quorum not present**

If, within 30 minutes from the time appointed for the meeting, a quorum is not present the meeting, if convened by or upon the requisition of Members, shall be dissolved. In any other case, the meeting shall stand adjourned to such day and to such time and place (including partly but not wholly by means of electronic facility or facilities) as the chairman (or, in default, the Board) shall appoint. At any such adjourned meeting, the Member or Members present, either in person, by proxy or by a duly authorised corporate representative, and entitled to vote shall be a quorum for all purposes.

### **17.3 Chairman**

At each general meeting, the chairman of the Board (if any) or, if he is absent or unwilling, the deputy chairman of the Board (if any) shall preside as chairman of the meeting. If neither the chairman nor deputy chairman is present and willing, one of the other Directors selected for the purpose by the Directors present (or, if only one Director is present and willing, that Director) shall preside as chairman of the meeting. If no Director is present within fifteen minutes after the time fixed for holding the meeting or if none of the Directors present is willing to preside as chairman of the meeting, the Members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

### **17.4 Adjournment**

17.4.1 The chairman may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place and/or from such electronic facility or facilities for attendance and participation to such other electronic facility or facilities as the meeting shall determine. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

17.4.2 Without prejudice to any other power which he may have under the provisions of these Articles or at common law, the chairman of the meeting may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place (including partly but not wholly by means of electronic facility or facilities) or for an indefinite period if he decides that it has become necessary to do so in order to:

- (a) secure the proper and orderly conduct of the meeting; or
- (b) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting; or
- (c) ensure that the business of the meeting is properly disposed of.

#### **17.5 Notice of adjourned meeting**

Whenever a meeting is adjourned for 28 days or more, or indefinitely, not less than seven Clear Days' notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting but otherwise it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, it shall not be necessary to give any notice of any adjourned meeting or of the business to be transacted at an adjourned meeting.

#### **17.6 Accommodation of Members at meeting**

If it appears to the chairman of the meeting that the meeting place specified in the notice convening the meeting is inadequate to accommodate all Members entitled and wishing to attend, the meeting is duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a Member who is unable to be accommodated is able to:

- 17.6.1 participate in the business for which the meeting has been convened; and
- 17.6.2 hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere; and
- 17.6.3 be heard and seen by all other persons present in the same way.

#### **17.7 Security**

17.7.1 The Board may make any arrangement and impose any restriction it considers appropriate to ensure the security of a meeting including arranging for any person attending the meeting to provide proof of identity, searching a person attending the meeting and restricting the items of personal property that may be taken into the meeting place.

17.7.2 If a general meeting is held partly by means of an electronic facility or facilities under article 15.4.1, the Board and the chairman may make any arrangement and impose any requirement or restriction that is:

- (a) necessary to ensure the identification of those taking part by electronic facility or facilities and the security of the electronic communication; and
- (b) in its or his/her or her view, proportionate to those objectives.

In this respect, the Board may authorise any voting application, system or facility for attendance and participation as it sees fit.

17.7.3 A Director or Secretary is entitled to:

- (a) refuse physical or electronic entry to a meeting to a person who refuses to comply with the arrangements or restrictions in this article 17.6; or
- (b) eject (physically or electronically) from a meeting any person who causes the proceedings to become disorderly.

17.7.4 The chairman shall take such action or give directions as he/she thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and to ensure the security of the meeting and the safety of the people attending the meeting. The chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his/her determination as to whether any matter is of such a nature.

#### **17.8 Right to attend and speak**

Each Director shall be entitled to attend and speak at any general meeting of the Company whether or not he is a Member. The chairman may invite any person to attend and speak at any general meeting of the Company if he considers that such person has the appropriate knowledge or experience of the Company's business to assist in the deliberations of the meeting.

#### **17.9 Amendments to resolutions**

17.9.1 Subject to the Statutes, a resolution may only be put to the vote at a general meeting if the chairman of the meeting in his absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.

17.9.2 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) notice of the proposed amendment is given to the Company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

The giving of notice in accordance with article (a) shall not prejudice the power of the chairman of the meeting to rule the amendment out of order.

17.9.3 A special resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

17.9.4 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution. Any ruling by the chairman of the meeting in relation to such matters shall be final and conclusive.

17.9.5 With the consent of the chairman of the meeting, a person who proposes an amendment to a resolution may withdraw it before it is put to the vote.

### **18. VOTING AT GENERAL MEETINGS**

#### **18.1 Method of voting and demand for poll**

18.1.1 At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. Any resolutions put to the vote of a general meeting held partly by means of electronic facility or facilities shall be decided on a poll.

- 18.1.2 Subject to the Statutes, a poll may be demanded by:
- (a) the chairman of the meeting; or
  - (b) at least five Members present in person or by proxy and entitled to vote on the resolution; or
  - (c) a Member or Members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to vote on the resolution; or
  - (d) a Member or Members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- 18.1.3 A demand for a poll by a person as proxy for a Member shall be as valid as if the demand were made by the Member himself.
- 18.1.4 A demand for a poll may be withdrawn before the poll is taken but only with the consent of the chairman of the meeting. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 18.1.5 Unless a poll is demanded (and the demand is not withdrawn) a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 18.1.6 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

## 18.2 How poll is to be taken

- 18.2.1 Subject to article 18.2.2, if a poll is demanded (and the demand is not withdrawn) it shall be taken at such time, either at the meeting at which the poll is demanded or within 30 days after the meeting, at such place and in such manner (including by electronic means) as the chairman of the meeting shall direct. The chairman may appoint scrutineers who need not be Members.
- 18.2.2 A poll demanded on the election of a chairman or a question of adjournment shall be taken at the meeting without adjournment.
- 18.2.3 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least 7 Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.
- 18.2.4 The result of the poll shall be deemed to be a resolution of the meeting at which the resolution was in fact passed.

## 19. VOTES OF MEMBERS

### 19.1 Voting rights

- 19.1.1 Subject to these Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company:
- (a) on a show of hands every Member present, either in person, by proxy or by a duly appointed corporate representative, shall have one vote; and

- (b) on a poll every Member present, either in person, by proxy or by a duly appointed corporate representative, shall have one vote for every share of which he is the holder or in the case of a proxy or corporate representative, every share in respect of which the relevant Member has appointed him to act as his proxy or corporate representative.

19.1.2 On a poll a Member need not exercise all of his votes or cast them all in the same way.

## 19.2 Representation of corporations

Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or of any class of Members. Such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder, including power, when personally present, to vote on a show of hands. The Directors may, but shall not be bound to, require evidence of the authority of any person purporting to act as the representative of any such corporation.

## 19.3 Joint owners

19.3.1 If two or more persons are jointly entitled to shares conferring a right to vote, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares.

19.3.2 If more than one of such joint holders is present at any meeting, either personally or by proxy, the Member whose name stands first on the Register as one of the holders of such shares, and no other, shall be entitled to vote in respect of such shares.

## 19.4 Member under incapacity

A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person in the nature of a receiver or curator bonis appointed by that court. That receiver, curator bonis or other person may vote by proxy. The right to vote shall be exercisable only if evidence satisfactory to the Board of the authority of the person claiming the right to vote is received at the Office (or at such other address as may be specified for the receipt of proxy appointments) not later than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised.

## 19.5 Objections to admissibility of votes

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting or poll at which the vote objected to is given or tendered. Every vote not disallowed at such meeting or poll shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the error is of sufficient magnitude to vitiate the resolution. The chairman's decision on such matters shall be final and conclusive.

## 19.6 Restriction on voting rights

No Member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll, unless all calls or other moneys due and payable in respect of the Member's share or shares have been paid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of non payment.

## **20. PROXIES**

### **20.1 Proxies**

- 20.1.1 A proxy need not be a Member and a Member may appoint more than one proxy to attend on the same occasion. References in these Articles to an appointment of a proxy includes references to an appointment of multiple proxies.
- 20.1.2 The appointment of a proxy shall not preclude a Member from attending, speaking and voting in person at the meeting or on the poll concerned.
- 20.1.3 The appointment of a proxy shall (subject to any contrary direction contained in the appointment):
- (a) be deemed to confer authority to demand or join in demanding a poll and to vote on any resolution or amendment of a resolution put to the meeting for which it is given, as the proxy thinks fit;
  - (b) be valid for any adjournment of the meeting as well as for the meeting to which it relates;
  - (c) where it is stated to apply to more than one meeting, be valid for all such meetings as well as for any adjournment of such meetings; and
  - (d) not be valid after the expiry of 12 months from the date of the appointment, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within 12 months from that date.

### **20.2 Form of proxy**

- 20.2.1 The appointment of a proxy shall be in any usual or common form, or such other form as may be approved by the Board and, in the case of an instrument in writing, shall be signed by the appointer or by his agent duly authorised in writing, or if the appointer is a corporation shall be either under its common seal or under the hand of an officer or agent so authorised. The Board may require evidence of the authority of any such officer or agent.
- 20.2.2 The Board may, at the expense of the Company, send by post, Electronic Communication or otherwise, instruments or forms of proxy to the Members (with or without provision for their return prepaid) for use at any general meeting or at any separate meeting of the holders of any class of shares of the Company. If for the purpose of any meeting invitations to appoint as proxy a person, or one of a number of persons, specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the Members entitled to be sent a notice of the meeting and to vote by proxy at the meeting.

### **20.3 Lodgement of proxy**

The appointment of a proxy and the authority (if any) under which it is made, or a certified copy of such authority, shall:

- 20.3.1 in the case of an instrument in writing, be deposited at the Office (or at such other place in the United Kingdom as is specified for that purpose in the notice calling the meeting or in any instrument of proxy sent out by the Company in relation to the meeting) not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
- 20.3.2 in the case of an appointment contained in an Electronic Communication, where an address has been specified for the purpose of receiving Electronic Communications:
- (a) in the notice convening the meeting; or
  - (b) in any instrument of proxy sent out by the Company in relation to the meeting; or
  - (c) in any invitation contained in an Electronic Communication to appoint a proxy issued by the Company in relation to the meeting

be received at such address not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;

20.3.3 in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as specified in articles 20.3.1 and 20.3.2 above after the poll has been demanded and not less than 24 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time appointed for the taking of the poll; or

20.3.4 in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the Secretary or to any Director.

#### 20.4 **Uncertificated proxy instructions**

20.4.1 For the purposes of this article 20.4 **Uncertificated Proxy Instruction** means a properly authenticated dematerialised instruction (as defined in the Regulations) or other instruction or notification, which is sent by means of the Relevant System and received by such participant in that Relevant System acting on behalf of the Company as the Board may prescribe.

20.4.2 In relation to any Uncertificated Shares, the Board may from time to time permit appointments of proxies to be made by means of an Electronic Communication in the form of an Uncertificated Proxy Instruction in such form and subject to such terms and conditions as the Board may prescribe, and may in a similar manner permit supplements to, or amendments or revocations of, any Uncertificated Proxy Instruction to be made in the same way.

20.4.3 The Board may prescribe the method of determining the time at which any Uncertificated Proxy Instruction is to be treated as received by the Company.

20.4.4 The Board may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a Member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Member.

#### 20.5 **Invalid appointment**

20.5.1 Subject to article 20.5.2, an appointment of proxy which is not deposited, delivered or received in a manner specified in articles 20.3 or 20.4 shall be invalid.

20.5.2 The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any required evidence of authority has not been received in accordance with articles 20.3 or 20.4.

#### 20.6 **More than one valid appointment received**

20.6.1 Where a proxy appointment is received, which does not state the number of shares to which it applies (a **blank proxy**), a proxy is deemed to have been appointed by that Member in relation to the total number of shares registered in his name (the **Member's entire holding**). In the event of a conflict between a blank proxy and a proxy appointment that is received, which does state the number of shares to which it applies (a **specific proxy**), the specific proxy shall be counted first, regardless of the time it was received. Any remaining shares will be apportioned to the blank proxy (*pro rata* if there is more than one blank proxy).

20.6.2 Where more than one proxy appointment is received and the total number of shares in respect of which proxies are appointed is no greater than the Member's entire holding, it will be assumed that proxies are appointed in relation to different shares. Proxy appointments in the same envelope will be treated as deposited at the same time.

20.6.3 If two or more valid but differing proxy appointments are received in respect of the same share for use at the same meeting or on the same poll, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share. If the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

20.6.4 Where the aggregate number of shares in respect of which proxies are appointed exceeds a Member's entire holding and it is not possible to determine the order in which the proxy appointments were received (or they were all delivered at the same time), the number of votes attributed to each proxy appointment will be reduced *pro rata*. Where this gives rise to fractions of shares, such fractions will be rounded down.

20.6.5 If a Member appoints a proxy or proxies and subsequently attends the meeting in person and votes on a poll, the Member's vote in person will override the proxy appointment(s). If the Member's vote in person is in respect of the Member's entire holding, all proxy votes will be disregarded. If the Member's vote at the meeting is in respect of less than the Member's entire holding, if the Member indicates that all proxy appointments are to be disregarded, that shall be the case. If a Member does not specifically revoke any proxy appointments, the Member's vote in person will be treated in the same way as if it were the last validly received proxy appointment and earlier proxy appointments will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the Member's entire holding.

## 20.7 **Notice of revocation of authority**

A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the death or mental disorder of the appointer or previous termination of the authority of the person voting or demanding a poll, or the transfer of the share in respect of which the appointment of the proxy or representative is made, unless notice in writing of the death, mental disorder, termination or transfer was received at the Office (or at such other address at which the proxy appointment was duly received) at least six hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for holding the relevant meeting or adjourned meeting or poll.

## 21. **DIRECTORS**

### 21.1 **Number of directors**

The number of Directors (other than alternate Directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two nor more than eight.

### 21.2 **No share qualification**

A Director need not hold any shares in the capital of the Company but shall (whether he holds shares or not) be entitled to attend and speak at any general meeting of the holders of any class of share in the Company in his capacity as a director of the Company.

## 22. **REMUNERATION, EXPENSES AND PENSIONS**

### 22.1 **Fees of directors**

22.1.1 There shall be paid out of the funds of the Company by way of remuneration of directors who are not executive directors appointed under article 24 fees at such rates as the Directors may from time to time determine provided that such fees do not in aggregate exceed a sum determined from time to time by the Remuneration Committee of the Board or such other figure as the Company may in general meeting from time to time determine.

22.1.2 Such fees shall be divided among such Directors in such proportion or manner as may be determined by the Directors and, in default of determination, equally.

22.1.3 A fee payable to a Director pursuant to this article 22.1 is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

### 22.2 **Special remuneration**

If, by arrangement with the Board, any Director performs or renders any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive

office, he may be paid such reasonable special remuneration (whether by way of lump sum, salary, commission, participation in profits or otherwise) as the Board may decide in addition to any remuneration payable under or pursuant to any other of these Articles.

### **22.3 Expenses**

A Director shall be paid out of the funds of the Company all reasonable travelling, hotel and other expenses properly incurred by him in and about the performance of his duties as Director, including his expenses of travelling to and from Board meetings, committee meetings, general meetings or separate meetings of the holders of any class of shares or debentures in the Company.

### **22.4 Pensions and other benefits**

22.4.1 The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or of any such subsidiary or associated company or the relatives or dependants of any such person. For that purpose the Board may procure the establishment and maintenance of, or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement and pay any insurance premiums.

22.4.2 Subject to the Statutes, the Board may establish and maintain any employees' share scheme, share option or share incentive scheme and establish and (if any such scheme so provides) contribute to any scheme for the purchase by or transfer, allotment or issue to trustees of shares in the Company or its holding company to be held for the benefit of employees (including Directors) of the Company and lend money to such trustees or employees to enable them to purchase such shares.

## **23. APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

### **23.1 Appointment by the company**

Subject to these Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, but so that the total number of Directors shall not exceed any maximum number fixed by or in accordance with these Articles.

### **23.2 Appointment by the board**

The Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, but so that the total number of Directors shall not exceed any maximum number fixed by or in accordance with these Articles. Any Director so appointed shall retire at the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

### **23.3 Eligibility**

No person (other than a Director retiring in accordance with these Articles) shall be appointed or re-appointed a Director at any general meeting unless:

23.3.1 he is recommended by the Board; or

23.3.2 not less than 7 nor more than 21 Clear Days before the date appointed for the meeting, a Member (other than the person to be proposed) entitled to vote at the meeting has given to the Company notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of Directors and a notice executed by that person of his willingness to be appointed.

#### 23.4 Retirement by rotation

23.4.1 Subject to article 23.5.1, at the first annual general meeting of the Company all the Directors must retire from office.

23.4.2 At every subsequent annual general meeting any Directors:

- (a) who have been appointed by the Directors since the last annual general meeting; or
- (b) who were not appointed or reappointed at one of the preceding two annual general meetings,

must retire from office and may offer themselves for reappointment by the Members.

#### 23.5 Re-appointment of retired directors

23.5.1 A Director who retires at an annual general meeting (whether by rotation or otherwise) may, if willing to act, be re-appointed. If he is not re-appointed or deemed to have been re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

23.5.2 If the Company, at any meeting at which a Director retires (whether by rotation or otherwise), does not fill the office vacated by such Director, the retiring Director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

#### 23.6 Vacation of office of director

23.6.1 Without prejudice to the provisions of these Articles relating to the retirement or removal of a Director, the office of a Director shall be vacated if:

- (a) not being a person holding an executive office for a fixed term, he resigns by notice in writing to the Company left at the Office or, being such a person holding an executive office for a fixed term, he tenders his resignation and the Directors resolve to accept that resignation;
- (b) he ceases to be a Director by virtue of any provision of the Statutes or becomes prohibited by law or by order of a court of competent jurisdiction from being a Director;
- (c) he is made bankrupt or has a receiving order (or any analogous order under the corresponding legislation in any jurisdiction) made against him or makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 Insolvency Act 1986 in connection with a voluntary arrangement under that Act or makes any similar application under analogous proceedings in another jurisdiction;
- (d) a registered medical practitioner who is treating the Director gives a written opinion to the Company stating that the Director has become physically or mentally incapable of acting as a Director and may remain so for more than 6 months;
- (e) not having leave of absence from the Directors, he or his alternate (if any) fails to take part in Directors' decisions for six successive months (unless prevented by illness, unavoidable accident or other cause which may seem to the Directors to be sufficient) and the Directors resolve that his office be vacated;
- (f) he is requested to resign by notice in writing addressed to him at his address as shown in the register of Directors and signed by not less than three-quarters of the other Directors with the Chairman having the casting vote (without prejudice to any claims for damages which he may have for breach of any contract between him and the Company or any of its subsidiary undertakings) and, for this purpose, a set of like notices each signed by one or more of the Directors shall be as effective as a single notice signed by the requisite number of Directors; or
- (g) if he is removed from office in accordance with the provisions of these Articles.

23.6.2 A resolution of the Board declaring a Director to have vacated office pursuant to this article shall be conclusive as to the fact and grounds of vacation stated in the resolution.

## **24. EXECUTIVE DIRECTORS**

### **24.1 Appointment**

The Board may from time to time appoint one or more Directors to hold any executive office (including that of chief executive or managing director) for such term (subject to the Statutes) and on such terms as the Board may decide. The Board may revoke or terminate any such appointment without prejudice to any claim for damages for breach of contract between the Director and the Company.

### **24.2 Remuneration**

The remuneration of a Director appointed to any executive office shall be fixed by the Board and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of any fee payable to him for his services as Director pursuant to these Articles provided that such remuneration does not in aggregate exceed a sum determined from time to time by the Remuneration Committee.

### **24.3 Termination**

Any appointment of a Director to an executive office shall terminate immediately if he ceases to be a Director but without prejudice to any claim for damages for breach of contract between the Director and the Company. A Director appointed to an executive office shall not cease to be a Director merely because his appointment to that executive office terminates.

## **25. ALTERNATE DIRECTORS**

### **25.1 Appointment**

Each Director (other than an alternate Director) may, for a period of no more than six months in any twelve month period by notice to the Company, appoint another Director or any other person approved for that purpose by the Board and willing to act, as his alternate and may remove him from that office at any time during his appointment.

### **25.2 Participation in meetings during the period of appointment**

25.2.1 During his appointment, an alternate Director shall be entitled to receive notice of all Board meetings and of all meetings of committees of which his appointer is a Member, to attend and vote at any such meeting at which his appointer is not personally present and generally to exercise and discharge all the functions, powers and duties of his appointer as a Director in his absence.

25.2.2 Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate in addition to his own vote if he is also a Director, but he shall count as only one person for the purpose of determining whether a quorum is present.

### **25.3 Alternate responsible for own acts**

Every person acting as an alternate Director shall be subject in all respects to these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### **25.4 Expenses and remuneration**

An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a Director but shall not be entitled to receive from the Company any

fee or remuneration in his capacity as an alternate Director, except such part (if any) of the remuneration payable to his appointer as the appointer may, by notice to the Company, direct.

## **25.5 Termination of appointment**

Any person appointed as an alternate Director shall cease to be an alternate Director:

- 25.5.1 at the expiry of the period referred to in article 25.1 above;
- 25.5.2 if his appointer ceases to be a Director (otherwise than by retirement at a general meeting at which he is re-appointed);
- 25.5.3 if his appointer removes him by notice to the Company;
- 25.5.4 on the happening of any event which, if he is or were a Director, causes or would cause him to vacate that office; or
- 25.5.5 on written notice from the alternate resigning his office being received by the Company.

## **26. PROCEEDINGS OF DIRECTORS**

### **26.1 Board meetings**

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may, and the Secretary at the request of a Director shall, summon a Board meeting at any time.

### **26.2 Notice of board meetings**

- 26.2.1 Notice of a Board meeting may be given to a Director personally or by word of mouth or given in writing or by Electronic Communications at such address as he may from time to time specify for this purpose (or, if he does not specify an address, at his last known address). A Director may waive his right to receive notice of any meeting either prospectively or retrospectively.
- 26.2.2 A Director absent or intending to be absent from the United Kingdom may request to the Board that notice of Board meetings shall, during his absence, be sent to him in writing or by Electronic Communications to such address as may be notified by him to the Company for that purpose, but he shall not be entitled to a longer period of notice than if he had been present in the United Kingdom. If no such request is made it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from the United Kingdom.

### **26.3 Quorum**

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to these Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the end of the Board meeting if no other Director objects. A Director shall not be counted in the quorum in relation to a resolution on which he is not entitled to vote.

### **26.4 Chairman or deputy to preside**

- 26.4.1 The Board may appoint a chairman and one or more deputy chairman or chairmen and may at any time revoke any such appointment.
- 26.4.2 The chairman, or failing him any deputy chairman (the longest in office taking precedence if more than one is present), shall preside at all Board meetings. If no chairman or deputy chairman has been appointed, or if he is not present within 5 minutes after the time fixed for holding the meeting, or is unwilling to act as chairman of the meeting, the Directors present shall choose one of their number to act as chairman of the meeting.

## 26.5 **Competence of board meetings**

A Board meeting at which a quorum is present shall be competent to exercise all the powers and authorities for the time being vested in or exercisable by the Board.

## 26.6 **Voting**

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

## 26.7 **Board meetings by telephone etc.**

26.7.1 A Board meeting may consist of a conference between Directors some or all of whom are in different places provided that each Director may participate in the business of the meeting whether directly, by telephone or by any other electronic means which enables him:

- (a) to hear each of the other participating Directors addressing the meeting; and
- (b) if he so wishes, to address all of the other participating Directors simultaneously.

26.7.2 A quorum is deemed to be present if at least the number of Directors required to form a quorum may participate in the manner specified in article 26.7.1 above in the business of the meeting.

26.7.3 A Board meeting held in the manner specified in article 26.7.1 above is deemed to take place at the place where the largest group of participating Directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

## 26.8 **Resolutions without meetings**

26.8.1 A resolution which is signed or approved by all the Directors (or all members of a committee of the Board) entitled to vote on that resolution shall be as valid and effectual as if it had been passed at a Board meeting (or meeting of a committee of the Board as the case may be) duly called and constituted.

26.8.2 The resolution may be contained in one document or Electronic Communication or in several documents or Electronic Communications in like form, each signed or approved by one or more of the Directors concerned.

26.8.3 For the purpose of this article 26.8:

- (a) the signature or approval of a validly appointed alternate Director (if any) shall suffice in place of the signature of the Director appointing him; and
- (b) the approval of a Director or a validly appointed alternate Director shall be given in writing or by electronic means.

## 26.9 **Validity of acts of directors in spite of formal defect**

All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director (other than an alternate director), shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or member of the committee, or that any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified and had continued to be a Director and had been entitled to vote.

## 27. **MINUTES**

### 27.1 **Minutes required to be kept**

The Board shall cause minutes to be made in books kept for the purpose:

27.1.1 of all appointments of officers made by the Board and of any remuneration fixed;

27.1.2 of the names of all the Directors and alternate Directors present at each meeting of the Board and of any committee of the Board; and

27.1.3 of all resolutions and proceedings of all meetings of the Company or any class of Members, and of the Board and any committee of the Board.

## **27.2 Minutes conclusive**

Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting or the Secretary, shall be prima facie evidence of the matters stated in them without any further proof.

## **28. GENERAL POWERS OF THE BOARD**

### **28.1 General powers**

28.1.1 Subject to such directions (consistent with any provisions of these Articles or of the Statutes) as may be given by the Company in general meeting, the business of the Company shall be managed by the Directors who, in addition to the powers and authorities expressly conferred upon them by these Articles or otherwise, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and as are not by the Statutes or by these Articles required to be exercised or done by the Company in general meeting.

28.1.2 No direction given by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given.

28.1.3 The provisions contained in these Articles as to any specific power of the Directors shall not be deemed to abridge, limit or restrict the general powers given by this article 28.1.

### **28.2 Power to act notwithstanding vacancy**

The continuing Directors (or the sole continuing Director) at any time may act notwithstanding any vacancy in their number, but if the number of Directors is less than the minimum number fixed by or in accordance with these Articles, they or he may act for the purpose of appointing a Director or Directors or calling a general meeting to make such appointments, but not for any other purpose. If there are no Director or Directors able or willing to act, any two Members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to these Articles) only until the dissolution of the annual general meeting next following such appointment unless he is re-elected during such meeting.

### **28.3 Provisions for employees**

The Board may exercise any of the powers conferred by the Statutes to make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family or any person who is dependent on him) in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiary undertakings. Any payments to be made pursuant to any power exercised under this article shall be made in accordance with section 247 of the Act.

### **28.4 Exercise of voting rights**

The Board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including the exercise of that power in favour of any resolution appointing any Director as a director of such body corporate, or voting or providing for the payment of remuneration to the directors of such body corporate).

## 28.5 Offices including the title “director”

The Board may appoint any person to any office or employment having a designation or title including the word “director” or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word “director” in the designation or title of any such office or employment shall not imply that the holder is a Director of the Company, and the holder shall not be empowered in any respect to act as, or be deemed to be, a Director of the Company for any of the purposes of these Articles or the Statutes.

## 28.6 Overseas registers

Subject to the Statutes, the Board may exercise the powers conferred on the Company with regard to the keeping of an overseas branch, local or other register and may make and vary such regulations as it thinks fit respecting the keeping of any such register.

## 29. BORROWING POWERS

### 29.1 Power to borrow and give security

29.1.1 Subject to article 29.2, the Directors may exercise all the powers of the Company to borrow or raise money on or by the issue or sale of any bonds, debentures or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may in their absolute discretion think proper, including a right for the holders of bonds, debentures or securities to exchange the same for shares in the Company of any class authorised to be issued.

29.1.2 Subject to article 29.2, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage of or charge on all or any part of the undertaking, property or assets of the Company, both present and future, and on any capital remaining unpaid on the shares of the Company whether called up or not, or by any other security. The Directors may confer on any mortgagee, chargee or person in whom any debenture or security is vested such rights and powers as they think necessary or expedient. The Directors may vest any property or assets of the Company in trustees for the purpose of securing any moneys so borrowed or raised and confer upon the trustees or any receiver to be appointed by them or by any debenture-holder such rights and powers as the Directors may think necessary or expedient in relation to the undertaking, property or assets of the Company so vested or the management or the realisation thereof or the making, receiving, or enforcing of calls on the Members in respect of unpaid capital, and otherwise. The Directors may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

### 29.2 Borrowing limit

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings so as to procure (but as regards its subsidiary undertakings only so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of Moneys Borrowed by the Group (exclusive of Moneys Borrowed by one Group Company from another and after deducting Cash Deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 2 times the Adjusted Capital and Reserves.

### 29.3 Definitions

For the purposes of this article 29, the following definitions shall apply:

#### ***Adjusted Capital and Reserves***

a sum equal to the aggregate from time to time of:

- (a) the amount paid up on the allotted or issued share capital of the Company; and
- (b) the amount standing to the credit of the reserves, whether or not distributable (including any revaluation reserve, merger reserve, share premium account or capital redemption reserve), after

adding or deducting any balance standing to the credit or debit of the profit and loss account of the Group

all as shown in the Relevant Balance Sheet, but after:

- (i) making such adjustments as may be appropriate to reflect:
  - (A) any variation in the amount of the paid up share capital and the amount standing to the credit of any of such reserves since the date of the Relevant Balance Sheet and so that, for the purpose of making such adjustments, if any proposed allotment of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been allotted and the amount (including the premium) of the subscription moneys (not being moneys payable later than six months after the date of allotment) shall be deemed to have been paid up to the extent so underwritten on the date when the issue of such shares was underwritten (or, if the underwriting was conditional, the date on which it became unconditional);
  - (B) any variation since the date of the Relevant Balance Sheet of the companies comprising the Group;
- (ii) excluding (so far as not already excluded):
  - (A) amounts attributable to the proportion of the issued equity share capital of any subsidiary undertaking which is not attributable, directly or indirectly, to the Company;
  - (B) any sum set aside for taxation (other than deferred taxation); and
- (iii) deducting:
  - (A) sums equivalent to the book values of goodwill and other intangible assets shown in the Relevant Balance Sheet; and
  - (B) the amount of any distribution declared, recommended or made by any Group Company to a person other than a Group Company out of profits accrued up to and including the date of (and not provided for in) the Relevant Balance Sheet;

### ***Cash Deposited***

an amount equal to the aggregate of the amounts beneficially owned by Group Companies which are deposited for the time being with any bank or other person (not being a Group Company) and which are repayable to any Group Company on demand or within three months of such demand, subject, in the case of amounts deposited by a partly-owned subsidiary undertaking, to the exclusion of a proportion equal to the proportion of its issued equity share capital which is not attributable, directly or indirectly, to the Company;

### ***Group Company***

any company in the Group;

### ***Moneys Borrowed***

includes not only borrowings but also the following except in so far as otherwise taken into account:

- (a) the nominal amount of any issued share capital and the principal amount of any debenture or borrowing of any person, the beneficial interest or right to repayment of which is not for the time being owned by a Group Company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group Company or is secured on the assets of a Group Company;
- (b) the principal amount raised by any Group Company by acceptances or under any acceptance credit opened on its behalf by any bank or acceptance house (not being a Group Company) other than acceptances and acceptance credits relating to the purchase of goods or services in the ordinary course of trading and outstanding for six months or less;
- (c) the principal amount of any debenture (whether secured or unsecured) of any Group Company owned otherwise than by a Group Company;
- (d) the principal amount of any preference share capital of any subsidiary undertaking owned otherwise than by a Group Company;

- (e) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (but any premium payable on final repayment of an amount not to be taken into account as Moneys Borrowed shall not be taken into account); and
- (f) any fixed amount in respect of a hire-purchase agreement or of a finance lease payable in either case by a Group Company which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the Relevant Balance Sheet (and for the purpose of this paragraph **finance lease** means a contract between a lessor and a Group Company as lessee or sub-lessee where substantially all the risks and rewards of the ownership of the asset leased or sub-leased are to be borne by that Group Company and **hire-purchase agreement** means a contract of hire-purchase between a hire-purchase lender and a Group Company as hirer),

but do not include (in any case):

- (i) moneys borrowed by any Group Company for the purpose of repaying, within six months of being first borrowed, the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group Company pending their application for such purpose within that period;
- (ii) moneys borrowed by any Group Company for the purpose of financing any contract in respect of which any part of the price receivable under the contract by that or any other Group Company is guaranteed or insured up to an amount equal to that part of the price receivable under the contract which is so guaranteed or insured;
- (iii) an amount equal to the moneys borrowed of any company outstanding immediately after it becomes a Group Company, provided that it became a Group Company during the six months preceding the calculation;
- (iv) an amount equal to the amount secured on an asset immediately after it was acquired by a Group Company, provided that it was acquired during the six months preceding the calculation;
- (v) temporary debit balances with the bankers of any member of the Group or shown in a member's own books of account, in each case, arising by virtue of delay in clearing funds not exceeding ten days;
- (vi) moneys advanced or paid to any member of the Group (or its agents or nominees) by customers of any member of the Group as unexpended customer receipts or progress payments pursuant to any contract between such customer and a member of the Group;
- (vii) moneys held by any member of the Group whether on deposit or current account or otherwise in connection with any scheme for the benefit of employees or their dependants;
- (viii) amounts due to trade creditors; and
- (ix) notwithstanding articles (a) to (e) above, the proportion of moneys borrowed by a Group Company (and not owing to another Group Company) which is equal to the proportion of its issued equity share capital not attributable, directly or indirectly, to the Company; and

### **Relevant Balance Sheet**

the latest published audited consolidated balance sheet of the Group but, where the Company has no subsidiary undertakings, it means the latest published audited balance sheet and profit and loss account of the Company and, where the Company has subsidiary undertakings but there are no consolidated accounts of the Group, it means the respective latest published audited balance sheets and profit and loss accounts of the companies comprising the Group.

## **29.4 Conversion to sterling**

For the purposes of calculating the aggregate amount of Moneys Borrowed on any particular day, any sums denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:

- 29.4.1 at the rate of exchange used for the conversion of that currency in the Relevant Balance Sheet;
- or

29.4.2 if no rate was so used, at the middle market rate of exchange prevailing at the close of business in London on the date of the Relevant Balance Sheet; or

29.4.3 where the repayment of such sum is expressly covered by a forward purchase contract, currency option, back-to-back loan, swap or other arrangements taken out and entered into to reduce the risk associated with fluctuations in exchange rates, at the rate of exchange specified in that document,

but if the amount in sterling resulting from conversion at that rate would be greater than that resulting from conversion at the middle market rate prevailing in London at the close of business on the business day immediately preceding the day on which the calculation falls to be made, the latter rate shall apply instead.

### **29.5 Auditors' report or certificate**

A report or certificate of the Auditors:

29.5.1 as to the amount of the Adjusted Capital and Reserves or the amount of Moneys Borrowed falling to be taken into account for the purposes of this article 29; or

29.5.2 to the effect that the limit imposed by this article 29 has not been or will not be exceeded at any particular time or times or as a result of any particular transaction or transactions,

shall be conclusive evidence of the amount or of that fact.

### **29.6 Persons dealing with the company**

No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article 29 is observed. No debt incurred or security given in excess of the limit shall be invalid or ineffectual, except in the case of express notice to the lender or recipient of the security at the time when the debt was incurred or security given that the limit had been or would thereby be exceeded.

## **30. DELEGATION OF BOARD'S POWERS**

### **30.1 Matters reserved for the Board**

The Board may from time to time identify those matters which may not be delegated and which must be determined by the Board.

### **30.2 Delegation to individual directors**

Save in respect of the Reserved Matters the Board may entrust to and confer upon any Director holding an executive office any of its powers and authorities (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them.

### **30.3 Committees**

30.3.1 Save in respect of the Reserved Matters the Board may delegate any of its powers and authorities (with power to sub-delegate) to any committee consisting of such person or persons (whether Directors or not) as it thinks fit, provided that:

(a) the majority of the members of the committee are Directors; and

(b) no meeting of the committee shall be quorate for the purpose of exercising any of its powers or authorities unless a majority of those present are Directors.

30.3.2 The Board may make any such delegation on such terms and conditions as it thinks fit and may revoke or vary any such delegation and discharge any committee wholly or in part. Any committee so formed shall, in the exercise of the powers and authorities so delegated, conform to any regulations that may be imposed on it by the Board.

30.3.3 The proceedings of a committee with two or more members shall be conducted in accordance with any regulations imposed on it by the Board and (subject to such regulations) in accordance with these Articles regulating the proceedings of the Board so far as they are capable of applying. Where the Board resolves to delegate any of its powers, authorities and discretions to a committee and such resolution states that the committee shall consist of any one or more unnamed Directors, it shall not be necessary to give notice of a meeting of such committee to any Directors other than the Director or Directors who form the committee.

#### **30.4 Local boards**

30.4.1 Save in respect of the Reserved Matters:

- (a) the Board may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the United Kingdom or elsewhere and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration; and
- (b) the Board may delegate to any local or divisional board, manager or agent any of its powers and authorities (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.

30.4.2 Any appointment or delegation under this article 30.4 may be made on such terms and subject to such conditions as the Board thinks fit and the Board may remove any person so appointed, and may revoke or vary any delegation.

#### **30.5 Powers of attorney**

The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Company on such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers and authorities (with power to sub-delegate). The Board may remove any person appointed under this article 30.5 and may revoke or vary the delegation.

### **31. DIRECTORS' INTERESTS**

#### **31.1 Director may hold office of profit under and may contract with Company**

31.1.1 Subject to article 31.3, a Director may hold any other office or place of profit in the Company, except that of Auditor, in conjunction with the office of Director and may act by himself or through his firm in a professional capacity to the Company and, in any such case, on such terms as to remuneration and otherwise as the Directors may arrange. Any such remuneration shall be in addition to any remuneration provided for by any other provision of these Articles.

31.1.2 No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either in regard to such other office or place of profit or acting in a professional capacity for the Company or as seller, purchaser or otherwise.

31.1.3 Subject to the provisions of the Statutes and save as provided in any such contract, arrangement, transaction or proposal, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship established by such arrangement but the nature and extent of his interest shall be disclosed by him in accordance with the Statutes.

### **31.2 Director's ability to vote on interested transactions**

31.2.1 Save as provided in this article 31.2, a Director shall not vote in respect of any contract, arrangement, transaction or proposed contract, transaction or arrangement or any other proposal whatever in which he (together with any person connected (within the meaning of section 252 of the Act) with him) has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

31.2.2 Subject to article 32.5, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him, or any other person, at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) any proposal, contract, arrangement or transaction concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Act) with him) is not the holder of or interested in 1 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this article 31.2 to be a material interest in all circumstances);
- (e) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a retirement, death or disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs for taxation purposes or does not accord to any Director as such any privilege or benefit not awarded to the employees to which such fund or scheme relates; or
- (f) any proposal concerning the grant, purchase and/or maintenance of any insurance for the benefit of Directors or for the benefit of persons including Directors.

### **31.3 Director's interest in own appointment**

A Director shall not vote or be counted in the quorum at a meeting in respect of any resolution of the Board or a committee of the Board concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, to an office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each Director and, in that case, each of the Directors concerned (if not otherwise debarred from voting under this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

#### 31.4 **Chairman's ruling conclusive on Director's interest**

If any question arises at any meeting as to the entitlement of any Director (other than the chairman of the meeting) to vote or be counted in the quorum, and the question is not resolved by that Director voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive.

#### 31.5 **Directors' resolution conclusive on chairman's interest**

If any question arises at any meeting as to the entitlement of the chairman to vote or be counted in the quorum, and the question is not resolved by the chairman voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by a resolution of the Directors present at the meeting (excluding the chairman) and the resolution shall be final and conclusive.

#### 31.6 **Declaration of Director's interest**

Without prejudice to the requirements of the Statutes, a Director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the Board after he knows that he is or has become interested. For the purposes of this article, a general notice given to the Board by a Director to the effect that he is to be regarded as having an interest (of the nature and extent specified in the notice) in any contract, arrangement, transaction or proposal in which a specified person or class of persons is interested is a sufficient declaration of interest in relation to that contract, transaction, arrangement or proposal. An interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest.

#### 31.7 **Suspension of relaxation of provisions concerning Directors' interests**

Subject to the Act and to the Regulatory Requirements, the Company may by ordinary resolution suspend, vary or relax any provision in these Articles concerning the Directors' interests in relation to the Company, either generally or in respect of any particular matter, or ratify any contract, arrangement or other proposal not authorised by reason of a contravention of any such provision.

#### 31.8 **Interests of connected persons and alternates**

31.8.1 For the purpose of this article 31 and article 32, an interest of a person who is, for the purposes of section 252 of the Act, connected with a Director shall be treated as such Director's interest and, in relation to an alternate Director, an interest of his appointor shall be treated as that such alternate's interest.

31.8.2 This article 31 and article 32 applies to an alternate Director as if he were a Director otherwise appointed.

### **32. AUTHORISATION OF DIRECTOR'S CONFLICT OF INTEREST**

32.1 The Directors may, in accordance with the requirements set out in this article 32, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Act to avoid conflicts of interest (a **Conflict**).

32.2 Any authorisation under this article will be effective only if:

32.2.1 the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;

32.2.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and

32.2.3 the matter was agreed to without the Director in question or would have been agreed to if his vote had not been counted.

32.3 Any authorisation of a Conflict under this article 32 may (whether at the time of giving the authorisation or subsequently):

32.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;

32.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine; and

32.3.3 be terminated or varied by the Directors at any time.

This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.

32.4 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to:

32.4.1 disclose such information to the Directors or to any Director or other officer or employee of the Company; or

32.4.2 use or apply any such information in performing his duties as a Director,

where to do so would amount to a breach of that confidence.

32.5 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide that the Director:

32.5.1 is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;

32.5.2 is not given any documents or other information relating to the Conflict; and

32.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.

32.6 Where the Directors authorise a Conflict:

32.6.1 the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict; and

32.6.2 the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.

32.7 A Director may, notwithstanding his office, be a director or other officer of, or employed by or otherwise interested in any other Group company and no authorisation under article 32.1, shall be necessary in respect of such interest.

32.8 A Director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

### **33. SECRETARY**

33.1 Subject to the provisions of the Statutes, the Board may appoint the Secretary for such term, at such remuneration and on such conditions as it may think fit. Any Secretary so appointed may be removed by the Board, but without prejudice to any claim for damages for breach of any contract of service

between him and the Company. If thought fit, two or more persons may be appointed as joint secretaries.

33.2 The Directors may at any time and from time to time appoint any person to be an assistant or deputy secretary of the Company and anything authorised or required by these Articles or by law to be done by or to the secretary may be done by or to any such assistant or deputy secretary. Any assistant or deputy secretary so appointed may be removed by the Directors.

## **34. AUTHENTICATION OF DOCUMENTS**

### **34.1 Power to authenticate**

Any Director, the Secretary or any person appointed by the Board for the purpose shall have power to authenticate, and to certify as true, copies of and extracts from:

34.1.1 any document comprising or affecting the constitution of the Company;

34.1.2 any resolution passed by the Company or the Board or any committee; and

34.1.3 any books, records, documents and accounts relating to the business of the Company.

### **34.2 Documents not kept at the registered office**

Where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having their custody shall be deemed to be a person appointed by the Board for the purposes of article 34.1.

### **34.3 Certification conclusive**

A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company, the Board or any committee which is certified pursuant to article 34.1 shall be conclusive evidence in favour of all persons dealing with the Company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

## **35. DIVIDENDS**

### **35.1 Declaration of dividends by the Company**

Subject to the Statutes, the Company may, by ordinary resolution, declare dividends to be paid to the Members according to their respective rights and interests in the profits of the Company. No dividend shall exceed the amount recommended by the Board.

### **35.2 Fixed and interim dividends**

Subject to the Statutes, the Board may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the financial position of the Company. If the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. If the Board acts in good faith, none of the Directors shall incur any liability to the holders of shares conferring preferential rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares ranking after those with preferential rights.

### **35.3 Apportionment of dividends**

Except insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide:

35.3.1 all dividends shall be declared and paid according to the amounts paid up (other than amounts paid up in advance of calls) on the shares in respect of which the dividend is paid; and

35.3.2 all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

#### 35.4 **Entitlement to dividends**

Every dividend shall belong and be paid (subject to the Company's lien) to those Members who shall be on the Register at the date fixed by the Directors for the purpose of determining the persons entitled to such dividend (whether the date of payment or some other date) notwithstanding any subsequent transfer or transmission of shares.

#### 35.5 **Currency**

The Board may agree with any Member that at the Member's sole cost, dividends which may be declared or become due on his shares in one currency shall be paid or satisfied in another. The basis for the conversion shall be the commercial spot rate as at the date of declaration of the dividend as published by the Company's bank, unless the Board, in its sole discretion agrees an alternative basis of conversion.

#### 35.6 **Method of payment**

The Company may pay any dividend or other sum payable in respect of a share:

35.6.1 in cash;

35.6.2 by cheque or dividend warrant payable to the holder or person entitled to payment;

35.6.3 by direct debit, bank or other funds transfer system or by such other electronic means (including, in the case of an Uncertificated Share, a Relevant System) to such account as the holder or person entitled to payment may notify to the Company for the purpose; or

35.6.4 by any other method as may be agreed between the Company and the holder or person entitled to payment or as the Board may otherwise decide.

#### 35.7 **Joint entitlement**

If two or more persons are registered as joint holders of a share, or are jointly entitled by transmission or otherwise to a share, the Company may:

35.7.1 pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give an effective receipt for that payment; and

35.7.2 for the purposes of this article 35.7, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them.

#### 35.8 **Payment by post**

Any cheque or dividend warrant may be sent by post to the registered address of the holder (or, in the case of joint holders, to the registered address of that person whose name stands first in the Register in respect of the relevant share) or to such other address as the holder or person entitled to payment may notify to the Company for the purpose.

#### 35.9 **Discharge to Company and risk**

Every cheque or warrant is sent, and payment in any other way is made, at the risk of the person or persons entitled to it and the Company shall not be responsible for any sum lost or delayed when it has sent or transmitted the sum in accordance with these Articles. Clearance of a cheque or warrant or transmission of funds through a bank or other funds transfer system or by such other electronic means as is permitted by these Articles shall be a good discharge to the Company.

#### 35.10 **Dividends not to bear interest**

Unless otherwise provided by the rights attached to the share, no dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company.

### **35.11 Deductions and withholding**

- 35.11.1 The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to shares of the Company.
- 35.11.2 The Directors may withhold any dividend or other moneys payable to any Member on or in respect of shares representing at least 0.25 per cent. of the shares of the relevant class if such Member or any person appearing to be interested in any such shares has been duly served with, but is in default in complying with, a Section 793 Notice in accordance with article 7 in respect of such shares. Any such dividend or other moneys so withheld shall be paid to the Member entitled to them within seven days after the earlier of the occurrence of the two events described in articles 7.4.2 and 7.4.3.
- 35.11.3 Any dividends or other moneys withheld pursuant to this article 35.11 shall not bear interest as against the Company. Pending payment, the dividends may be invested or otherwise made use of by the Directors for the benefit of the Company and the Company shall not be constituted a trustee in respect of them.
- 35.11.4 The Directors may also withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the Directors may reasonably require.

### **35.12 Unclaimed dividends etc**

- 35.12.1 Without prejudice to the Board's discretion to declare a dividend unclaimed, in the event that a dividend recipient does not specify an address, or does not specify an account of a type prescribed by the Board, or other details necessary in order to make a payment of a dividend or other distribution by the means by which the Board have decided in accordance with this article that a payment is to be made, or by which the dividend recipient has elected to receive payment, and such address or details are necessary in order for the Company to make the relevant payment in accordance with such decision or election or if payment cannot be made by the Company using the details provided by the dividend recipient, then the dividend shall be treated as unclaimed for the purposes of these articles.
- 35.12.2 All unclaimed dividends, interest or other sums payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as a trustee in respect of such dividends, interest or other sums.
- 35.12.3 All dividends unclaimed for a period of twelve years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company.

### **35.13 Uncashed dividends**

If a payment for a dividend or other sum payable in respect of a share sent by the Company to the person entitled to it in accordance with these Articles is left uncashed or is returned to the Company:

- 35.13.1 on two or more consecutive occasions; or
- 35.13.2 on one occasion and reasonable enquiries have failed to establish any new address or, with respect to a payment to be made by a funds transfer system, a new account, for that person,
- the Company shall not be obliged to send any dividends or other sums payable in respect of that share to that person until he notifies the Company of an address or, where the payment is to be made by a funds transfer system, details of the account, to be used for the purpose.

### **35.14 Dividends in specie**

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and, in particular,

of paid up shares or debentures of any other company. Where any difficulty arises with the distribution, the Board may settle the difficulty as it thinks fit and, in particular, may:

- 35.14.1 issue fractional certificates (or ignore fractions);
- 35.14.2 fix the value for distribution of the specific assets or any part of them;
- 35.14.3 determine that cash payments be made to any Members on the basis of the value so fixed in order to secure equality of distribution; and
- 35.14.4 vest any of the specific assets in trustees on such trusts for the persons entitled to the dividend as the Board may think fit.

If the shares in respect of which such dividends in specie is paid are uncertificated, any shares in the Company which are issued as a non cash dividend in respect of them must be uncertificated.

### 35.15 **Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

- 35.15.1 the share has more than one holder; or
- 35.15.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

### 35.16 **Scrip dividends**

35.16.1 The Board may, with the authority of an ordinary resolution of the Company and in accordance with the following provisions of this article 35.15, offer any holders of shares the right to elect to receive further new shares credited as fully paid instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (**Scrip Dividend**).

35.16.2 The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the ordinary resolution is passed.

35.16.3 The entitlement of each holder of shares to new shares shall be such that the value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount which would otherwise have been paid (disregarding the amount of any associated tax credit).

35.16.4 For the purposes of article 35.15.3 the value of the new shares shall be:

- (a) equal to the average middle-market quotation for Ordinary Shares, adjusted if necessary for the proposed dividend, as published by the London Stock Exchange plc and/or any other stock exchange (and any supervising regulatory body of such stock exchange) on which securities of the Company are traded from time to time (or as established from such other source as the Board considers appropriate) for the 5 business days immediately preceding or following the announcement of the cash dividend to which the Scrip Dividend relates, as the Board may decide; or
- (b) calculated in such manner as may be determined by or in accordance with the ordinary resolution (but shall never be less than the par value of the new ordinary share),

and a certificate or report by the Auditors as to the value of a new share in respect of any Scrip Dividend shall be conclusive.

35.16.5 The Board shall give notice to the holders of shares of their rights of election in respect of the Scrip Dividend and shall specify the procedure to be followed in order to make an election.

- 35.16.6 The Board shall not proceed with a Scrip Dividend unless the Company has sufficient undistributed profits or reserves to give effect to elections which could be made to receive that Scrip Dividend.
- 35.16.7 The Board may decide that the right to elect for any Scrip Dividend shall not be made available to Members resident in any territory where, in the opinion of the Board, compliance with local laws or regulations would be impossible or unduly onerous.
- 35.16.8 The Board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this article 35.15 is offered, elect to receive shares in lieu of such dividend on the terms of such mandate.
- 35.16.9 The dividend, or that part of it in respect of which an election for the Scrip Dividend is made, shall not be payable in cash and instead new shares shall be allotted in accordance with elections duly made. The Board shall capitalise a sum out of such sums available for the purpose equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares.
- 35.16.10 The new shares so allotted shall rank *pari passu* in all respects with the fully paid shares then in issue except as regards participation in the relevant dividend.
- 35.16.11 No fractions of a share shall be allotted. The Board may make such provisions as it thinks fit for fractional entitlements including:
- (a) payment in cash to holders in respect of their fractional entitlements;
  - (b) provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or by or on behalf of any holder; and/or
  - (c) the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.
- 35.16.12 The Board may do all acts and things it considers necessary or expedient to give effect to the provisions of a Scrip Dividend election and the issue of any shares in accordance with the provisions of this article 35.15.

## **36. RESERVES AND CAPITALISATION**

### **36.1 Reserves**

The Board may, before recommending any dividend (whether preferential or otherwise), carry to reserve out of the profits of the Company such sum as it thinks fit. All sums standing to reserve may be applied from time to time, at the discretion of the Board, for any purpose to which the profits of the Company may properly be applied, and pending such application may either be employed in the business of the Company or be invested in such investments as the Board thinks fit. The Board may divide the reserve into such special funds as it thinks fit, and may consolidate into one fund the whole or any part of such special funds. The Board may also, without placing them to reserve, carry forward any profits which it may think prudent not to distribute.

### **36.2 Capitalisation of reserves and profits**

The Board may, with the authority of an ordinary resolution of the Company, resolve to capitalise any sum standing to the credit of any reserve or other fund of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution) and may:

- 36.2.1 appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf:
- (a) in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively; or

- (b) in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those Members, or as they may direct, in those proportions; or
- (c) otherwise as directed by the resolution,

provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up shares to be allotted credited as fully paid up;

36.2.2 resolve that any shares so allotted to any Member in respect of a holding by him of any partly paid shares shall, so long as the shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;

36.2.3 where shares or debentures become distributable in fractions under this article 36.2, make such provision as they think fit in relation to fractional entitlements including:

- (a) the issue of fractional certificates;
- (b) ignoring fractions; or
- (c) accruing the benefit of fractions to the Company rather than to the Members concerned;

36.2.4 authorise any person to enter into an agreement with the Company on behalf of all the Members concerned providing for either:

- (a) the allotment to the Members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled on the capitalisation; or
- (b) the payment by the Company on behalf of the Members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement made under that authority shall be binding on all such Members; and

36.2.5 generally do all acts and things required to give effect to the resolution.

### **37. RECORD DATES**

Notwithstanding any other provision of these Articles, but without prejudice to any rights attached to any shares and subject to the Act, the Company or the Board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

### **38. ACCOUNTS**

#### **38.1 Accounting records**

The Board shall cause accounting records to be kept in accordance with the Statutes.

#### **38.2 Inspection of records**

No Member shall (in their capacity as Member) have any right to inspect any accounting records or other books or documents of the Company unless he is authorised to do so by statute, by order of the court, by the Board or by ordinary resolution of the Company.

#### **38.3 Sending of annual accounts**

Subject to the Statutes and to article 38.4 and subject to the Company being aware of the relevant person's address, a copy of the Company's annual accounts, together with a copy of the Directors'

report for the financial year and the Auditors' report on those accounts shall, at least 21 Clear Days before the date of the meeting at which copies of those documents are to be laid in accordance with the provisions of the Statutes, be sent to every Member, every holder of the Company's debentures and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Statutes or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders.

#### 38.4 **Summary financial statements**

Subject to the Statutes, the requirements of article 38.3 shall be deemed satisfied in relation to any person by sending to the person, instead of the documents referred to in that Article, a summary financial statement derived from the Company's annual accounts and the Directors' report, which shall be in the form and containing the information prescribed by the Statutes.

### 39. **NOTICES**

#### 39.1 **Form of notices**

Any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of the Board) shall be in writing or shall be given using Electronic Communications to an address for the time being notified for that purpose to the person giving the notice.

#### 39.2 **Methods of service**

Any notice or document may be sent by the Company to any Member by any of the following methods:

39.2.1 personally;

39.2.2 by sending it through the post in a prepaid envelope addressed to the Member at his registered address;

39.2.3 by leaving it at his registered address;

39.2.4 by sending it by Electronic Communications to an address for the time being notified to the Company by the Member for that purpose;

39.2.5 by a Relevant System; or

39.2.6 by any other means permitted by the Act.

#### 39.3 **Electronic communications**

##### 39.3.1 ***Documents sent in electronic form by the Company***

Subject to any requirement of the Statutes and provided that the Company has complied with all Regulatory Requirements, the Company may send any documents or notices to its Members in electronic form and such documents or notices will be validly sent provided that:

- (a) the Member has agreed either generally or in respect of a specific matter (or, in the case of a company, is deemed to have agreed by a provision in the Act that documents or notices can be sent in electronic form);
- (b) the documents are documents to which the agreement applies; and
- (c) copies of the documents are sent in electronic form to the address notified by the Member to the Company for that purpose.

##### 39.3.2 ***Documents communicated by website***

(a) Subject to any requirement of the Statutes and provided that the Company has complied with all Regulatory Requirements, the Company may send any documents or notices to its Members by means of a website and any such documents or notices will be validly sent provided that:

- (i) the Member has expressly agreed (generally or specifically) that documents or notices may be sent by means of a website to him or he has been asked

(individually) to agree that documents and notices can be sent by means of a website and the Company has received no response to that request within 28 days from the date on which the request was sent;

- (II) the documents are documents to which the agreement applies; and
- (III) the Member is notified of the presence of the documents on the website, the address of the website, the place on the website where the documents may be accessed and how they may be accessed.

- (b) Documents must be available on the website for a period of not less than 28 days from the date of notification unless the Statutes make provision for any other time period.
- (c) If the documents are published on the website for a part only of the period of time referred to in article 39.3.2(b), they will be treated as being published throughout the period if the failure to publish throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

#### **39.4 Any other means**

Any document, information or notice that is sent or supplied otherwise than in hard copy or electronic form or by means of a website is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the intended recipient.

#### **39.5 Notice to joint holders**

In the case of joint holders of a share, all notices or other documents shall be sent to the joint holder whose name stands first in the Register in respect of the joint holding, and any notice or document so sent shall be deemed sufficient service to all the joint holders.

#### **39.6 Registered address outside the United Kingdom**

Any Member with a registered address outside the United Kingdom who gives to the Company an address within the United Kingdom (at least 14 Clear Days before the notice or other document or information is sent) at which notices or other documents may be sent to him, or an address to which notices or other documents may be sent using Electronic Communications, shall be entitled (subject to the agreement of the Company in the case of Electronic Communications) to have notices or other documents sent to him at that address, but otherwise shall not be entitled to receive any notice or other document from the Company.

#### **39.7 Deemed receipt of notice of meeting**

Any Member present, either in person or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where required, of the purposes for which such meeting was convened.

#### **39.8 Deemed service**

39.8.1 A notice or other document required to be sent by the Company to any Member, if served by post to an address in the United Kingdom, shall be deemed to have been served one day after (or, where second class mail is used, two days after) the envelope containing the notice or other document is posted, and in proving such service it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped, and duly posted.

39.8.2 A notice or other document contained in an Electronic Communication shall be deemed to be served on the day it was sent. Proof that a notice contained in an Electronic Communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice or document was served. Where a document, information or notice to be given or sent by electronic means has failed to be transmitted after three attempts, then that notice or other document shall nevertheless be

deemed to have been sent for the purposes of this article 39.8.2 and, without prejudice to article 39.8.1, that failure shall not invalidate any meeting or other proceeding to which the notice or document relates.

39.8.3 A notice or other document sent by a Relevant System shall be deemed to be served when the Company (or a participant in the Relevant System acting on its behalf) sends the issuer-instruction (as defined in the Regulations) relating to the notice or document.

39.8.4 A notice given by advertisement shall be deemed to have been given or served on the day on which the advertisement is published in accordance with article 39.12.

39.8.5 Where a document, information or notice is sent or supplied by means of a website, it is deemed to have been received by the recipient when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

### **39.9 Notice binding on transferees**

Every person who by operation of law, transfer or other means becomes entitled to any share shall be bound by any notice in respect of that share (other than a notice issued in accordance with article 7 or section 793 of the Act) which, before his name and address are entered in the Register, has been duly sent to the person from whom he derives his title.

### **39.10 Disruption of postal services**

If at any time, by reason of the suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national newspaper published in the United Kingdom. The notice shall be deemed to have been duly served on all Members entitled to notice at noon on the day on which the advertisement appears. In any such case, the Company shall send confirmatory copies of the notice by post to those Members to whom notice cannot be given by Electronic Communications if, at least 6 Clear Days before the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

### **39.11 Notice to persons entitled by transmission**

Any notice or other document may be sent by the Company to a person entitled by transmission to a share by sending it in any manner authorised by these Articles for the sending of a notice or other document to a Member, addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any similar description, at the address (if any) in the United Kingdom supplied for that purpose by or on behalf of the person claiming to be so entitled. Until such an address has been supplied, a notice or other document may be sent in any manner in which it might have been sent if the death, bankruptcy or other event giving rise to the transmission had not occurred.

### **39.12 Notice etc given by advertisement in certain circumstances**

If at any time, by reason of suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised on the same date in at least one national United Kingdom daily newspaper and such notice shall be deemed to have been duly served on all Members and other persons entitled to it at 12 noon on the day when the advertisement appears. In any such case, the Company shall send confirmatory copies of the notice by post if, at least seven days prior to the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

### **39.13 Omission to send notice**

The accidental omission to send a notice of meeting or a form of proxy or any other document relating to a meeting to, or the non-receipt of the notice, form of proxy or other document by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

#### **39.14 Authentication of documents sent by electronic means**

A document or information sent in electronic form by electronic means by a Member or other person to the Company is sufficiently authenticated in any manner authorised by the Act or in such other manner approved by the Board.

### **40. DESTRUCTION OF DOCUMENTS**

#### **40.1 Destruction of documents**

The Company may destroy:

- 40.1.1 any instrument of transfer and any other document on the basis of which an entry is made in the Register, after six years from the date on which it is registered;
- 40.1.2 any dividend mandate or any variation or cancellation of a dividend mandate or any notification of change of name or address, after two years from the date on which it is recorded;
- 40.1.3 any cancelled share certificate, after one year from the date on which it is cancelled; and
- 40.1.4 any paid dividend warrant or cheque, after one year from the date of actual payment.

#### **40.2 Presumptions**

Subject to the document being destroyed in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant, it shall conclusively be presumed in favour of the Company that:

- 40.2.1 every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;
- 40.2.2 every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- 40.2.3 every share certificate so destroyed was a valid certificate duly and properly cancelled;
- 40.2.4 every paid dividend warrant and cheque so destroyed was duly paid; and
- 40.2.5 every other document mentioned in article 40.1 so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company.

#### **40.3 Liability**

Nothing in this article 40 shall be construed as imposing on the Company or the Board any liability in respect of the destruction of any document earlier than as stated in article 40.1 or in any other circumstances in which liability would not attach to the Company or the Board in the absence of this article 40.

#### **40.4 Meaning of destruction**

References in this article 40 to the destruction of any document include references to its disposal in any manner.

## **41. UNTRACED MEMBERS**

### **41.1 Sale of shares of untraced Members**

The Company may sell, in such manner as the Board may decide and at the best price it considers to be reasonably obtainable at that time, any share of a Member, or any share to which a person is entitled by transmission if:

- 41.1.1 during a period of twelve years, at least three cash dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with these Articles;
- 41.1.2 during that period of twelve years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment of a dividend has been cashed, no dividend sent by means of a funds transfer system has been paid and no communication has been received by the Company from the Member or the person entitled by transmission to the share;
- 41.1.3 on or after the expiry of that period of twelve years, the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area of the last known address of the Member or person entitled by transmission to the share or the address at which notices may be given in accordance with these Articles, in each case giving notice of its intention to sell the share;
- 41.1.4 during the period of three months following the publication of the later of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the Member or the person entitled by transmission to the share; and
- 41.1.5 if the share is listed on AIM or the Official List of the London Stock Exchange, notice has been given to the London Stock Exchange plc of the Company's intention to make such a sale.

### **41.2 Further shares**

The Company's power of sale shall extend to any further share which, on or before the date of publication of the first advertisement pursuant to article 41.1.3, is issued in right of a share to which article 41.1 applies (or in right of any share to which this article 41 applies) if the conditions set out in articles 41.1.1 to 41.1.5 are satisfied in relation to the further share (but as if the references to a period of twelve years were references to a period beginning on the date of allotment of the further share and ending on the date of publication of the first of the advertisements referred to above).

### **41.3 Transfer on sale**

To give effect to a sale under this article 41, the Board may:

- 41.3.1 if the share is a Certificated Share, authorise any person to execute an instrument of transfer in respect of the share to, or in accordance with the directions of, the buyer; or
- 41.3.2 if the share is an Uncertificated Share, exercise any of the Company's powers under article 8.5 to effect the sale of the share to, or in accordance with the directions of, the buyer.

The buyer shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

### **41.4 Application of proceeds of sale**

- 41.4.1 The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale and shall be deemed to be his debtor, and not a trustee for him, in respect of them.
  - 41.4.2 Pending payment of the net proceeds of sale to such person, the proceeds may either be employed in the business of the Company or invested in such investments as the Board may from time to time decide.
- 41.5 No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any moneys earned on the net proceeds.

#### **41.6 Power to stop sending documents etc to untraced Shareholders**

If three separate documents, notices or information have been sent on consecutive occasions through the post to any Member at any address specified in article 39, whether the documents notices or information are duplicates of ones originally sent using electronic means that failed to be transmitted electronically or ones that were originally sent by post, and have been returned undelivered, such Member shall not after that be entitled to receive documents, notices or other information from the Company until he shall have communicated with the Company and supplied in writing to the Office a new address as specified in article 39 or, in so far as the Company intends to send or supply any document, notice or other information using electronic means and the Member has agreed (generally or specifically) to the sending or supply of that document, notice or information by electronic means, an address for that purpose.

## **42. WINDING UP**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company and any other authority required by the Statutes:

- 42.1 divide among the Members in specie the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the Members or different classes of Members; or
- 42.2 vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator shall think fit, but no Member shall be compelled to accept any assets upon which there is any liability.

## **43. INDEMNITY, PROVISION OF FUNDS AND INSURANCE**

### **43.1 Indemnity against claims in result of shares**

43.1.1 Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability on the Company to make any payment, or empowers any government or taxing authority or government official to require the Company to make any payment, in respect of any shares held either jointly or solely by any Member or in respect of any dividends or other monies due or payable or accruing due or which may become due or payable to such Member by the Company or in respect of any such shares or for or on account or in respect of any Member in consequence of:

- (a) the death of such Member;
- (b) the non-payment of any income tax or other tax by such Member in respect of any shares in the Company or dividend or other payment in respect of such shares; or
- (c) the non-payment of any estate, probate, succession, death, stamp or other tax or duty by the executor or administrator of such Member or by or out of his estate

the Company in every such case:

- (d) shall be fully indemnified by such Member or his executor or administrator from all liability arising by virtue of such law; and
- (e) may recover as a debt due from such Member or his executor or administrator (wherever constituted or residing) any monies paid by the Company under or in consequence of any such law, together with interest on such monies at the rate of 15 per cent. per annum from the date of payment to the date of repayment.

43.1.2 Nothing contained in this article 43.1 shall prejudice or affect any right or remedy which any law may confer or purport to confer on the Company and, as between the Company and every such Member as aforesaid, his executor, administrator, and estate wherever constituted or situated, any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

## 43.2 Indemnity

43.2.1 Subject to article 43.2.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:
  - (I) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
  - (II) in relation to the activities of the Company (or any Group Company) as trustee of an occupational pension scheme (as defined in section 235(6) of the Act)

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (or any associated company); and

- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article (a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

43.2.2 This article 43.2 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

43.2.3 In this article 43.2 and in article 43.3 a **relevant officer** means any director or other officer or former director or other officer of the Company or any Group Company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act) but excluding in each case any person engaged by the Company (or any Group Company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

## 43.3 Insurance

The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by that relevant officer in connection with his duties or powers in relation to the Company, any Group Company or any pension fund or employees' share scheme of the Company or Group Company.

## 44. COMPANY SEAL

44.1 Any common seal may only be used by the authority of the Directors.

44.2 The Directors may decide by what means and in what form any common seal or securities seal is to be used.

44.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature. For this purpose, an "authorised person" is:

44.3.1 any Director or Secretary; or

44.3.2 any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.

44.4 If the Company has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the Directors.

44.5 If the Company has a securities seal, it may only be affixed to securities by the Secretary or a person authorised to apply it to securities by the Secretary

44.6 For the purposes of these Articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the Directors in relation to that document or documents of a class to which it belongs.

