

Likewise

plc



ANNUAL REPORT

for the financial year ended
31 December 2023

Email: info@likewiseplc.com
www.likewiseplc.com

Tel: 0121 817 2222
Unit 4 Radial Park, Solihull
Parkway, Birmingham Business
Park, Solihull, B37 7WN

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COMPANY INFORMATION

The Board of Directors



Paul Bassi - Chair, independent non executive

Paul is also CEO of Real Estate Investors PLC.

Founder and Chairman of Bond Wolfe and formerly Non-Executive Chairman of CP Bigwood Chartered Surveyors.

Past President of the Birmingham Chamber of Commerce.

Former Regional Chairman and Strategy Advisor to Coutts Bank (West Midlands).

Awarded a CBE in 2010 for services to business and the community.



Tony Brewer - Chief Executive

47 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.

Appointed Chief Executive of the Likewise Group in 2018, principally responsible for Strategy, Acquisitions, Supplier and Investor Relations.



Andrew Simpson - non-executive

Following many years' experience in the flooring industry.

Joined Headlam in 1991.

Retired in 2010 after 37 years gaining immense knowledge and experience working with suppliers, customers and employees.

Chair of Likewise Remuneration Committee



Mike Steventon - Independent non-executive director

34 years' experience in the professional services industry at KPMG, rising to partner in 1998 with a focus on auditing international listed groups.

Appointed Head of Automotive for KPMG UK in 2006.

Appointed Regional Chairman for KPMG Midlands in 2010.

Appointed Head of KPMG's Public Sector Business in 2016.

Chair of Likewise Audit Committee



Roy Povey - Chief Financial Officer

Financial Controller with 22 years' experience in the flooring industry 6 years as Financial Director within the home improvement industry.

Worked as Financial Controller as part of the senior management teams in Headlam Coleshill and Tamworth.

Roy successfully integrated several newly acquired businesses both financially and operationally.

Resigned as a Director of Likewise Group plc on 31st December 2023.

Company Secretary

Roy Povey (resigned 26 March 2024)

Ben Baker-Ashforth (appointed 26 March 2024)

Registered Number

08010067

Registered Office

Unit 4 Radial Park

Radial Way

Birmingham Business Park

Solihull Birmingham

B37 7WN

Auditors

Crowe UK LLP

Chartered Accountants and statutory auditor

55 Ludgate Hill

London

EC4M 7JW

CHAIRMAN'S & CHIEF EXECUTIVE'S REPORT

For the year ended 31st December 2023

Introduction

Likewise is pleased to announce that total Revenue has increased by 12.9% to £139.5 million. With the continued investment made by the Group to achieve its medium term objectives, Underlying Profit Before Tax for FY23 was £2.3 million.

The Group has again made significant progress in 2023 and continues to trade in line with the current market expectations.



Logistics Network

The Glasgow Distribution Hub, opened in the Spring of 2023 is now making a meaningful contribution with regard to Storage, Picking and Cutting into the Likewise Logistics Network. Furthermore, Likewise Scotland is progressively increasing market share in both Residential and Commercial Flooring.

Likewise North East which moved into a new Logistics Centre at the beginning of 2022 is now very clearly established across all flooring sectors and is well placed to progress its geographical presence.



Likewise North, based in Leeds, is particularly active throughout the M62 Corridor and with enhanced service to North West England through the new Manchester Logistics Centre. Further investment in sales resource and Point of Sale will continue to increase their market share in Residential and Commercial Flooring.

A&A will move into their new Logistics Centre in June. A&A has made an important contribution to the Group since being acquired in February 2020 and the new facility will allow A&A to make its next progression in both Residential and now Commercial Flooring.

Based in Birmingham, the Likewise Midlands business has made tremendous progress over the last two years and is now very much established as a principal distributor of Residential and Commercial Flooring throughout the Midlands.

Likewise South is progressively taking market share of Residential Flooring in the South of England and will benefit from the expansion of the Floors by Lewis Abbott Premium Branded Carpet.

Likewise London moved into a new Logistics Centre in Sidcup during January 2023 providing a much improved geographical reach and enhanced transportation network. To further develop Likewise London, investment has been made in 2024 to strengthen the Management and Sales Team.

CHAIRMAN & CHIEF EXECUTIVE'S REPORT (continued)

Similarly from its Distribution Centre in Sudbury, Likewise South East received investment to increase its Management and Sales Team. This allows both businesses to significantly increase their presence in the important London and South East Flooring markets and also particularly benefiting from the Floors by Lewis Abbott product range.

Likewise Wales has now been established from the Newport Distribution Centre and with the support of the Likewise Network has every opportunity to build a meaningful business in both Residential and Commercial Flooring.

Valley Wholesale Carpets ("Valley") is a very important part of the Group. The profitability and positive cash flow of Valley has been particularly strong in the last two years. Valley has extended its geographical reach over the last year and there are further opportunities to expand from its key Distribution Centres in Erith, Derby and Newport. Furthermore, Valley will increase its product portfolio and develop additional point of sale displays to provide an enlarged offering to their customers enabling Valley to have an exciting future whilst remaining autonomous in the Group structure.

The H&V Carpets, Delta Carpets, Likewise Rugs & Matting, and Floors by Lewis Abbott Premium Brand, have every opportunity to further establish themselves in their respective products segments to be an increasing part of the Group's activities.



Dividend

Whilst the Group will continue to invest, the significant initial phase is now largely complete and therefore the Board is confident in expanding on the progressive policy previously announced by proposing a Final Dividend payment of 0.25 pence per ordinary share. This is a 25% increase on the 2022 Final Dividend, an encouraging reflection of the financial performance in 2023.

Shareholders can also take advantage of the Dividend Reinvestment Plan ("DRIP") by registering their intentions with the Company's registrar by 14 June 2024.

This makes the total dividend paid in the year of 0.35 pence per ordinary share (2022: 0.20* pence per ordinary share). The final dividend, if approved by shareholders at the AGM, will be paid on 5 July 2024 to shareholders on the register at the close of business on 31 May 2024, the ex-dividend date being 30 May 2024.

* The 2022 interim dividend of 0.20 pence per ordinary share was the maiden dividend paid by the Group on 8 July 2022. Whilst this was paid as an interim dividend in 2022, it was in reflection of the Group’s performance in the year ending 31 December 2021 for which no final dividend was declared. The Capital Reduction at the beginning of 2022 enabled a payment of a maiden dividend in respect of the Group’s performance in 2021. Therefore, this represents a 75% increase on the dividend paid in respect of the performance of the Group in the year ending 31 December 2022.

Strategic Outlook

Developing the Group’s market presence is fundamental to achieving its aspirations with the 93 Sales Management and Sales Executives absolutely focused on their daily visits to independent flooring retailers and contractors to maximise the various Brands and in store displays.

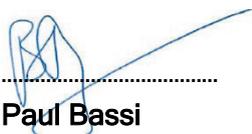
To support these numerous sales initiatives, the Logistics Network is now very well established in both the Likewise Floors and Valley Operations with capacity created to extend the Group through its medium term objectives.

The quality of the infrastructure developed over the last three years was clearly demonstrated in early April when the Group was able to process a record order intake of over £1 Million of Sales in one day.

With a continued focus on investment in Sales Resource and Point of Sale combined with the additional capacity in the Logistics Infrastructure, the Board is confident of achieving its ambitions in the coming years. Notwithstanding some cost inflation, the Sales progression in the near future will be delivered at a lower than historic cost resulting in Operational Gearing and the Return on Sales meeting the aspirations of the Group.

“The quality of the Management and Sales Teams that the Group has created over the last three years is particularly impressive...”

The quality of the Management and Sales Teams that the Group has created over last three years is particularly impressive and undoubtedly the strongest in the UK Flooring Industry providing the foundations for the Likewise Group to reach and then surpass its medium term intentions.



Paul Bassi
Chair



Anthony Brewer
Chief Executive

Date: 17 May 2024

STRATEGIC REPORT

Introduction

The directors present their Strategic Report and the audited financial statements of the Group and Company for the year ended 31 December 2023.

Business overview

Likewise Group plc is a wholesale distributor of floorcoverings, rugs and matting products and strives to become one of the UK's largest distributors in this sector. Leveraging the many years' experience and knowledge of the Board and the collective Management Team, the Group have rapidly developed a significant distribution network with 11 operational sites delivering to customers across the UK. This has been achieved through accretive acquisitions and more notably through the establishment of new sites, leveraging the brand and network to create meaningful businesses within their respective territories. The Board consider the logistics capabilities created can support the Group's medium-term aspirations achieving revenues in excess of £200m.

The Group's Distribution Hubs in Glasgow, Leeds, Birmingham and Sudbury, plus Distribution Centres in Manchester, Newcastle, Newbury and Sidcup in addition to the Valley Network in Erith, Derby and Newport totaling 15 million cubic feet, will allow the Group to meet its medium-term objectives.

The Group will continue to make further investment in organic growth through sales and marketing initiatives and development in specific geographic locations. Whilst the Group sees incremental value in leveraging the Group's brand, acquisition opportunities will be considered in the future if they are earnings enhancing and provide the appropriate strategic rationale.

Trading performance

The Directors are pleased to report the Group's revenue increased from £123.6m in 2022 to £139.5m for the year ended December 2023.

Likewise London, and Floors by Lewis Abbott, moved into its newly refurbished Logistics Centre at the beginning of 2023 providing improved geographical reach, enhanced logistics capability and a better working environment for the local team. Further investment has been made in 2024 to further strengthen the Management and Sales Team.

Likewise South in Newbury established in April 2022 is progressively taking market share of residential flooring in the South of England and is benefitting from the development of the Floors by Lewis Abbott premium branded ranges.

Likewise Midlands has made tremendous progress over the past two years, and is now a principal distributor of both residential and commercial flooring throughout the midlands. In addition, with further investment in cutting capacity, the facility has strengthened the wider logistics network of benefit to both the Northern and Southern businesses maximising the Group's ability to provide a next day service of key benefit to customers.

In line with the strategic plan for A&A, the business appointed its first contract sales representative in Q4 2023, providing opportunity to expand its offering in 2024. The business is set to relocate to its new Logistics Centre in June 2024, enhancing the wellbeing of employees and enabling the facility to leverage the wider Likewise network to provide opportunities for growth.

The new Glasgow Distribution Hub opened in Spring 2023 and now makes a meaningful contribution to the wider Group creating additional storage, picking and cutting capacity into the Likewise logistics network whilst also supporting the growth of the Likewise Scotland business established in 2019.

Further investment has been made in establishing a new Likewise Wales facility which became operational at the beginning of 2024, with the business benefitting from operating from the shared Valley site in Newport. With the investment in key personnel, and the support of the wider Likewise network, 2024 should provide many opportunities to considerably develop the business.

Likewise North East has developed a significant trade counter business benefitting from the wider support of both the Leeds and Scotland Distribution Hubs to allow it to continue to develop its geographical presence in the region.

Likewise North, operating from the Leeds Distribution Hub continues to be particularly active in the M62 corridor and now benefits from the distribution abilities of A&A in the Northwest, gaining more effective distribution routes for customers, whilst realising synergies for the Group.

Further investment in the Likewise South East Sales and Management Team continues to allow the business to expand its geographical reach with similar investments in London, positioning the Group as a major distributor in key London and South East markets.

Development of the Group's market presence is fundamental in delivering the medium-term objectives of the Group and with input from the Sales Team, further development of in-store displays and Point-of-Sale initiatives are critical in realising gains in market share.

Valley Wholesale Carpets (Valley) continues to be a key member of the Group, providing strong profitability and positive cash flows over the past two years since acquisition. Further investment has been made to Sales Teams to expand the business' Geographical reach, as well as investment in its previously unutilised Newport facility to bring this into operation to benefit customers in the South West and South Wales regions. Management are also increasing the current product range and developing new in-store displays which will be of significant benefit to customers. This enables Valley to have an exciting future whilst remaining autonomous in the Group structure.

STRATEGIC REPORT (continued)

With a continued focus on investment in the development of the Group's market presence and Sales Resource, combined with the additional capacity forged in the Group's extensive distribution network, the Board is confident in achieving its medium-term objectives in the coming years. Notwithstanding some cost inflation, the Board acknowledges with the significant establishment investment now made, the future development of the Group will result in improvements to operational gearing with return on sales meeting the aspirations of the Group.

Business strategy

It is the belief of the Board that value can be generated for suppliers, customers and shareholders by creating a national supplier and distributor of floorcoverings in the UK.

The investments made over the past few years in scaling the business have created a recognised trade brand within the sector. The leveraging of the Group's brand and logistics network have underpinned the success of many start-up sites across the UK, and whilst acquisitions have provided opportunities to rapidly grow, the organic growth of the business is key to the long-term strategy of the Group. Whilst acquisitions will always be considered where the Board believe they offer value for shareholders, and accretive growth to the Group, the ability to leverage the Group's brand and network will be key to achieving the medium-term objectives.

Whilst there will be a level of investment required to continue the development of the Group's Sales initiatives, the significant investment in establishing the network needed to deliver the Group's medium-term objectives has been made and as such there are now significant opportunities to improve operational gearing and thus increase return on sales in line with the aspirations of the Group.

Market and competition

The floorcovering market is made up of manufacturers, distributors, retailers and installers. It is the strategy of the Group to become a national distributor in the market. The UK flooring market is worth c. £2 billion split between residential, commercial, public and industrial markets. It is the strategy of the Group to focus on the residential and commercial areas of the market.

Key performance indicators

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

Key performance indicators were as follows:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £	Increase %
Revenue	139,538,014	123,642,673	12.9%
Adjusted profit before tax	2,327,321	2,558,742	(9.0%)
Operating cash flow	6,056,643	(1,326,824)	556.5%

The above adjusted profit before tax figure is stated after adding back:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Acquisition fees & related costs	-	2,302,372
Loss from new operations*	95,446	497,968
Exceptional investment in point of sale	283,933	486,536
Amortisation of intangibles	404,370	366,507
Share based payments	274,841	319,678
Strategic relocation and establishment costs	1,210,050	-

*Losses from new operations relate to costs incurred in the initial start-up phase whilst the business is in its initial development phase and therefore not generating significant returns.

Exceptional investment in point of sale relate to accelerated expenses incurred in increasing the Group's market presence from providing heavily discounted in-store displays to retailers in order to accelerate the growth in market share. This amount relates to specific strategic stand placements over and above what is incurred in the ordinary course of business recognised in the Consolidated Statement of Profit or Loss.

Strategic relocation and establishment costs relate to costs incurred in the relocation and establishment of the new 47,000 sq. ft. high bay Distribution Hub in Glasgow for Likewise Scotland, the relocation and establishment of the Likewise London business to new facilities in Sidcup, the commencement of costs incurred in the forthcoming closure of the A&A Manchester facility as this looks forward to moving to brand new facilities in June 2024 and closure costs incurred for H&V's small warehouse facility in Muelebeke, Belgium.

The Board additionally monitors the square footage of available warehouse space as a non financial KPI. The warehouse capacity as at 31 December 2023 was 499,250 square feet (2022 - 519,000 square feet). This has reduced slightly since 2022, following the closure of the under-utilised H&V Muelebeke site.

STRATEGIC REPORT (continued)

The following tables show a reconciliation of the adjusted results.

Adjusted results 2023

	Underlying performance (adjusted)	Loss from new operation/acquisition related costs	Investment in point of sale	Strategic investment costs	Amort'n of intangibles	Share related costs	Reported
	£	£	£	£	£	£	£
Revenue	139,538,014						139,538,014
Cost of sales	(97,306,471)						(97,306,471)
Gross profit	42,231,543						42,231,543
Admin costs	(20,615,787)	(95,446)	(283,933)	(807,603)	(404,370)	(274,841)	(22,481,980)
Distribution costs	(17,799,967)			(189,442)			(17,989,409)
Impairment losses on trade receivables	(266,087)						(266,087)
Profit/(loss) from operations	3,549,702	(95,446)	(283,933)	(997,045)	(404,370)	(274,841)	1,494,067
Finance income	52,330						52,330
Finance costs	(1,274,711)			(213,005)			(1,487,716)
Gain on revaluation	-	129,750					129,750
Profit/(loss) before tax	2,327,321	34,304	(283,933)	(1,210,050)	(404,370)	(274,841)	188,431

Adjusted results 2022

	Underlying performance (adjusted) (restated)	Acquis'n fees and related costs	Loss from new operation (South)	Investment in point of sale	Amort'n of intangibles	Share related costs	Reported (restated)
	£	£	£	£	£	£	£
Revenue	123,642,673						123,642,673
Cost of sales	(86,309,299)						(86,309,299)
Gross profit	37,333,374						37,333,374
Admin costs	(16,787,697)	(1,455,992)	(497,968)	(486,536)	(366,507)	(319,678)	(19,914,378)
Distribution costs	(16,956,934)						(16,956,934)
Impairment losses on trade receivables	(238,201)						(238,201)
Profit/(loss) from operations	3,350,542	(1,455,992)	(497,968)	(486,536)	(366,507)	(319,678)	223,861
Finance income	5,043						5,043
Finance costs	(796,843)						(796,843)
Loss on revaluation	-	(846,380)					(846,380)
Profit/(loss) before tax	2,558,742	(2,302,372)	(497,968)	(486,536)	(366,507)	(319,678)	(1,414,319)

Process for managing risk

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

Business Disruption

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

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

Economic Conditions

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

Fluctuations in Input Prices

Adverse fluctuations in raw material commodity prices could affect the profitability of the Group albeit such increases are likely to have an industry wide impact and as such would result in an increase in sales prices to end customers to negate this. A proportion of the Group's purchases are transacted in Euros and US Dollars and as such we are susceptible to foreign exchange risk on such purchases albeit in most instances the Group enters forward contracts to mitigate against any exposure.

In addition, rising freight costs recently experienced inevitably increase the costs of goods from overseas suppliers. Short term increases are negated by maintaining sufficient levels of stock on hand with longer term increases reflected in subsequent price increases passed on to customers.

STRATEGIC REPORT (continued)

Post balance sheet events

During January 2024, the Company paid deferred consideration of £3,855,000 to the former shareholders of Valley Wholesale Carpets (2004) Limited in satisfaction of the acquisition agreement.

On 18 March 2024, the Company allotted 1,044,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £104,400. These shares were issued under the Company's SAYE scheme.

On 10 May 2024, the Company allotted 275,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £27,500. These shares were issued under the Company's SAYE scheme.

Financial Results and Ordinary Dividend

The results of the Group are shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

An interim dividend of 0.10p per ordinary share was paid on 17 November 2023 to shareholders on the register as at 13 October 2023.

A final dividend, in relation to the year ended 31 December 2022, of 0.20p per share was paid on 7th July 2023 to shareholders on the register at the close of business on 2nd June 2023, the ex-dividend date being 1st June 2023.

The directors propose to pay a final dividend of 0.25p per ordinary share in respect of the financial year ended 31 December 2023. This to be subject to shareholder approval at the forthcoming AGM.

If approved, the total dividend payable for 2023 will be 0.35p per ordinary share.

The final dividend, if approved by shareholders at the AGM will be paid on 5 July 2024 to shareholders on the register at the close of business on 31 May 2024, the ex-dividend date being 30 May 2024.

The last day for investors to elect for the Dividend Re-Investment Plan (DRIP) will be 14 June 2024.

Directors' statement of compliance with duty to promote the success of the Group

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

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

During the year ended 31 December 2023, the directors consider that they have at all times acted in a way that would most likely promote the success of the Group and for the benefit of its members as a whole, and in making those decisions have had particular regard the points outlined above.

The engagement with key stakeholders is summarised as follows:

Our people

Our employees foster strong relationships with both customers and suppliers and are integral in delivering the Group's strategy. As such the Group is committed to attracting talent, developing individuals, and ensuring employees are rewarded for their contribution to the growth of the business. The Board ensure that information and decisions of interest or concern to employees are shared at all levels.

The Board is committed to improving the Group's focus on diversity and inclusion to ensure all employees are treated fairly. Furthermore, the Group is committed to recruiting, training and rewarding individuals based on merit and performance whilst providing opportunities for all our employees.

STRATEGIC REPORT (continued)

Directors' statement of compliance with duty to promote the success of the Group (continued)

Our shareholders

The shareholders of the business have helped us build the business to where we are today. As we continue on our growth trajectory the Group ensures shareholders are regularly updated on the latest developments. Announcements are shared on the Company's investor website.

Should shareholders have further questions, the AGM promotes the opportunity for questions to be put to the Board or alternatively they are welcome to contact the Board via the investor website to raise queries important to them.

Business relationships

Relationships with our customers are at the heart of what we do. The Group is committed to developing lasting relationships by providing great products, service and value for our customers.

With the help of our employees, customers have been visited regularly to drive the quality of our service offering whilst also providing the opportunity to obtain timely feedback on products, service and any changes in consumer trends that help us develop our business to continue to meet their expectations.

Strong relationships have also been developed with suppliers which continue to allow us to exceed customer expectations. Regular dialogue with suppliers provides mutually beneficial feedback on products whilst exploring new ranges that may be of interest to our customers.

Community and environment

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

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



A J Brewer
Chief Executive

Date: 17 May 2024

CORPORATE GOVERNANCE REPORT

The Board of Directors ('the Board') for Likewise Group plc is committed to good corporate governance and all Board members are fully aware of their duties and responsibilities.

Compliance Approach

In accordance with Rule 26 of the AIM Rules for Companies, the Board confirms that it has voluntarily adopted the QCA Code and believes that a framework of sound corporate governance and an ethical culture, is conducive to long-term value creation for shareholders.

Board Effectiveness

All members of the Board believe in the importance of good corporate governance to assist in delivering value and achieving objectives over the medium to long-term, in its accountability to stakeholders and maintaining a reputation for high standards of business conduct. The Board meets regularly to determine the policy and business strategy of the Group and has adopted a schedule of Matters Reserved for the Board.

The Chief Executive Officer leads the development of business strategies within the Group's operations.

The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board. The need for development of a risk register for the principal business and financial risks has been identified with implementation planned in 2024 to best ensure risk identification and implementation of control procedures. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable safeguarding of the Group's assets against misstatement.

The key elements of the system of internal control are:

- clear definition of delegated authorities;
- preparation of annual budgets for Board approval;
- close involvement of senior management in the day-to-day business of the Group; and
- regular reporting of business performance to the Board and the review of results against budget.

The collective Board act as the Nomination Committee. During the year, the Nomination Committee have met to consider the succession planning of the executive and management teams. As a result, changes to the structure of the finance and secretariat teams have been implemented to promote the success and long-term sustainability of the company. In August, changes were made to the structure of the operational management team to future-proof, strengthen and support our IT and logistics capabilities, as the Group continues its journey of organic growth.

CORPORATE GOVERNANCE REPORT (continued)

Board Composition

In the year, the Board comprised two independent non-executive directors, a non-executive director, and two executive directors. Paul Bassi CBE, Andrew Simpson, Mike Steventon, Anthony Brewer and Roy Povey. Roy retired from the Board on 31st December 2023. He retired as Company Secretary in March 2024 and was succeeded as Company Secretary by Ben Baker-Ashforth. The members would like to record their thanks to Roy, for his considerable contribution and professionalism, having supported the Group's journey from private to public, to date. The Board considers that there is an appropriate balance between executive and non-executive office and no individual or group dominates the decision making.

The members have a wide range of experience and the expertise needed to inform and oversee the execution and strategic delivery of the Group over the medium to long-term. The executive directors commit their full-time attention to the day-to-day needs of the business. The biographies of all Board members are included on Page 3 and are available on the company's website. The non-executive directors prepare for and attend Board meetings in person on a regular basis, as well as, committing their time to regular contact with the chief executive and management team. In addition, they serve on the three Board sub-committees, as required and necessary. No restrictions are imposed on the non-executive directors in assuming other external roles.

The Committees each have delegated authorities with formal terms of reference.

Board sub-Committees

Audit Committee

The Audit Committee meets bi-annually to consider the scope of the annual audit and interim financial statements, as well as, reviewing the Group's internal control systems. It oversees the relationship with the external auditor, reviews the results of the external audit, its cost effectiveness and the objectives of the auditor. The Audit Committee considers an internal audit function is not currently justified due to the current stage of development and size of the Group. The Audit Committee is chaired by Mike Steventon and is comprised of two other non-executive directors and attended by the Chief Financial Officer.

Nomination Committee

The Nomination Committee is comprised of the Chief Executive and non-executive directors. It is responsible for the appointment of any new directors to the Board, and other duties include reviewing the structure, size and composition (including the skills, knowledge and experience) required of the board and its sub-committees, succession planning for directors and senior executives, reviewing the leadership needs of Likewise, reviewing the results of the board performance evaluation process as and when appropriate, and policies relating to diversity and gender.

Remuneration Committee

The Remuneration Committee is comprised of non-executive directors only, meeting at least annually to determine Policy on senior Executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the Executive Directors and to consider awards under the Group’s option schemes. The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding his own package. The Remuneration Committee is chaired by Andrew Simpson.

Number of Board Meetings and Record of Attendance

There were seven Board Meetings in the year, which were attended as follows:

	P Bassi	A Simpson	M Steventon	A Brewer	R Povey
02/03/2023	✓	✓	✓	✓	✓
28/03/2023	-	✓	-	✓	✓
11/05/2023	✓	✓	✓	-	✓
21/07/2023	✓	✓	✓	✓	✓
22/09/2023	✓	✓	✓	✓	-
24/11/2023	✓	✓	✓	✓	-
20/12/2023	✓	✓	✓	✓	✓
Total attended	6/7	7/7	6/7	6/7	5/7

Future Disclosures Board Performance Reviews have been put forward for consideration in the 2024 Board Forward Planner, in preparedness for meeting its obligations under Principle 8 of the updated QCA Code published in November 2023.

Shareholder and stakeholder engagement

The Board takes seriously its duty to act in a way that promotes the long-term success of the company and meet its s172 CA2006 responsibilities to all of the company’s shareholders and stakeholders.

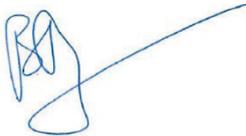
As Likewise has progressed through the early stage in its journey of growth, the Board reflected on leadership changes and challenges in the year and considered what this means in relation to how they conduct their decision-making and made changes to both the structure of the Plc Board and the Executive Managements team, as well as, some of its governance frameworks. These changes were designed to help future-proof the business and included some internal restructuring and promotion opportunities which support the commercial development of the of the business whilst strengthening best practice and internal controls across the Group in respect of IT, operations, and health and safety.

CORPORATE GOVERNANCE REPORT (continued)

In addition, internal promotions within the Finance team demonstrated confidence in the strong succession pipeline in place and a commitment to recognise and reward the skills, experience and dedication of its employees, and ensures that appropriate financial oversight and sound internal financial controls are embedded. Provision was also made for dedicated Secretariat service to support the Board in developing its good governance practices.

The Group has continued to balance the needs of all shareholders and stakeholders in its approach to sustainability, carefully considering the need to deliver profitability and returns, whilst minimising its operational impact upon the environment and community, wherever practicably possible. In February 2023, Likewise became a core funder and member of Carpet Recycling UK, a community which has boosted the proportion of carpets being repurposed as a resource rather than waste.

Other environmental initiatives which were championed and continued in the year included recycling of polythene waste and a reward scheme for recycling of cardboard poles. Ongoing investment into the transition of the Group's company car fleet resulted in an increased take-up of 91% (2022: 73%) for electric or hybrid vehicles.



Paul Bassi CBE
Chairman

Date: 17 May 2024

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable law.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (continued)

Principal activities

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

The Group is required by the Companies Act 2006 to prepare a Strategic Report that includes an overview of the business, a review of trading performance of the Group and its position as at the end of the financial year to 31 December 2023 and the principal risks faced by the Group. The Strategic Report can be found on pages 8 to 16.

Results and dividends

Revenue for the year amounted to £139,538,014 (2022 - £123,642,673). Profit before taxation was £188,431 (2022 - loss of £1,414,319) after recognition of exceptional expenses. Management have included a full reconciliation to the underlying adjusted profit before tax of £2,327,321 (2022 - £2,558,742) within the Strategic Report.

The Group continues to make significant progress with continuing organic growth in the Likewise businesses underpinned from the extensive network the Group have developed over the past few years. Further investments in 2023, include the opening of the Glasgow Distribution Hub, relocation of Likewise London to new premises in Sidcup and the continued investment in point-of-sale initiatives with which to continue gaining market share. More information on the 2023 trading performance can be found in the Group Strategic Report on pages 8 to 16.

On 17 November 2023, the Company paid an interim dividend of £243,964, being 0.1 pence per share, for the year to 31 December 2023 (2022 - £487,590).

The directors recommend a final dividend of 0.25 pence per share be paid. The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting. This dividend has not been included as a liability in these financial statements.

If approved, the total dividend for 2023 will be 0.35 pence per ordinary share.

The final dividend, if approved by shareholders at the AGM will be paid on 5 July 2024 to shareholders on the register at the close of business on 31 May 2024, the ex-dividend date being 30 May 2024.

The last day for investors to elect for the Dividend Re-Investment Plan (DRIP) will be 14 June 2024.

Directors' remuneration

The remuneration of all Directors for the financial year ended 31 December 2023 were as follows:

	Salary/fees £	Benefits in kind £	Bonus £	Total 2023 £	Total 2022* £
Executive					
Tony Brewer	269,733	22,635	-	292,368	488,780
Roy Povey	162,840	8,317	-	171,157	319,547
Non-Executive					
Paul Bassi	50,000	-	-	50,000	50,000
Andrew Simpson	88,250	3,197	-	91,447	36,000
Mike Steventon	45,000	-	-	45,000	45,000
Total	615,823	34,149	-	649,972	939,327

* Bonus of £450,000 was paid in respect of the successful acquisition of Valley Wholesale Carpets (2004) Ltd in 2022 as set out in the acquisition document.

Directors pension entitlements

One Director who held office during the year ended 31 December 2023 was a member of a money purchase scheme. The contributions paid by the Group in respect of this was £25,600 (2022 - £25,600).

Directors

The Directors who served during the year were as follows:

P P S Bassi
 A J Brewer
 R Povey (resigned 31 December 2023)
 A J W Simpson
 M A Steventon

Political contributions

The Group made no political donations during the year (2022 - Nil).

DIRECTORS' REPORT (continued)

Financial risk management objectives and policies

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

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

Interest rate risk

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

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

Liquidity risk

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

Credit risk

The credit rating of significant customers is monitored regularly.

Disabled employees

The Group is committed to providing equal opportunities for all applicants and employees and provides full and fair consideration of disabled employees having regard for their specific needs and abilities. For employees who become disabled during their employment, the Group will endeavour to offer continued employment suited to their specific aptitudes and abilities.

Branches of the company outside the UK

The Group has a subsidiary company, H&V BVBA in Belgium.

Greenhouse gas emissions, energy consumption and energy efficiency action

The below outlines the UK energy usage of the Group. Energy consumed is as a result of gas, electricity purchased and fuel used in powering the Group's sales force and distribution fleet.

The methodology used in calculating the below figures follows the CHG Reporting Protocol and uses the 2023 Government emission conversion factors for greenhouse gas company reporting.

	<u>2023</u>	<u>2022</u>
UK energy use (kWh)	20,440,215	18,003,136
Associated Greenhouse gas emissions (tonnes CO2 equivalent)	4,781	4,249
Intensity ratio: tonnes CO2e per £m of revenue	<u>34.3</u>	<u>34.1</u>

As the network grows the Group inevitably increases its energy usage, increasing the tonnes of CO2 produced as a result. As new sites are launched there is a delay in the timing of revenues as the business develops and as such in the short-term tonnes per CO2e per £m of revenue increases. As the Group's divisions reach maturity and revenue generation increases, the tonnes per CO2e per £m of revenue is expected to decrease.

Energy efficiency action

The below summarises some of the key actions taken in 2023 in order to reduce the energy consumption of the Group:

- Continued investment in replacement fleet vehicles focusing on the phasing out of older vehicles and replacement with vehicles meeting the Euro 6 emissions requirements. Seventeen new commercial vehicles have been introduced to the fleet in 2023;
- The Group continues to promote the benefits of electric and hybrid vehicles to employees with company vehicles and is pleased to state that 91.6% of the fleet are now electric or petrol-electric hybrids as at the end of the year, including twenty-seven fully electric vehicles. In addition, new premises are equipped with rapid charging facilities to promote the use of electric vehicles;
- In line with 2022, the Group continues to identify energy efficient sites for new or relocating sites and where possible endeavour to move to sites with official BREEAM ratings for their sustainability. In 2023, the Group established its new Scotland Distribution Hub moving to Belgrave Logistics Park with an EPC rating of A+ and a BREEAM rating of 'Excellent'; and
- Continued recycling of packaging tubes collected by drivers and returned into the network for re-use. This initiative aligns to the drivers' remuneration package whereby bonuses are paid for the number of poles returned.

The Group continues to be a funding partner of Carpet Recycling UK, in order to contribute to how the flooring industry can address their environmental responsibilities.

DIRECTORS' REPORT (continued)

Disclosure of information to auditors

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

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

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



A J Brewer
Chief Executive Officer

Date: 17 May 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

Greenhouse gas emissions, energy consumption and energy efficiently actions are set out on page 25 of the Directors' Report.

The Board recognises its wider stakeholder group responsibilities and the need to appropriately manage the environmental performance of the Group. As such, the Board have planned to regularly review ESG as part of its business agenda in 2024, in order to meet its reporting requirements as the threshold for number of employees reaches more than 500, and furthermore, to holistically consider environmental and sustainability matters, to support the long-term success of Likewise.

Social

Our people are at the heart of our business and are fundamental to our growth and long-term success. We support a culture of excellence, by rewarding excellent performance.

Our people are at the heart of our business and are fundamental to our growth and long-term success.

In August, changes were made to the structure of the operational management team to future-proof, strengthen and support our IT and logistics capabilities, with internal promotions to Operations Director for both Gavin Wainwright and Patrick O'Connor, to best support the evolution of the business.

In September, there was a combination of internal promotions for Ben Ashforth to Head of Financial Accounting and Reporting, with Ian Roberts and David Fullard, taking responsibility for the Operational Finance team.

Gender Pay Gap Reporting was introduced in the year and the narrative report can be viewed on our website, and the statutory report can be viewed online: <https://gender-pay-gap.service.gov.uk/employers/23155>. The Board recognises the importance of equal pay for equal roles and is satisfied that this important standard is met. At the same time, it acknowledges the challenges faced by the predominantly male occupied industry in which it operates and the high proportion of females occupying roles in its entry level jobs.

Meaningful engagement with our people has also resulted in support for our local communities, such as several youth team sporting groups.

Governance

The Board has set out its full Governance Report on page 25.

Activity in the year included review of the succession pipeline to replace the outgoing Company Secretary. In addition, provision was made for a dedicated Secretariat service to support the Board in further developing its governance framework and reporting.



INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Likewise Group plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the Group statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the Group and Parent Company statements of financial position as at 31 December 2023;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included

- Reviewing management's financial projections for the Group and parent company for the period from the date of approval of the financial statements through to December 2025.
- Checking the numerical accuracy of management's financial projections.
- Performed a retrospective review of prior year forecasts to assess management's ability to budget accurately.
- Challenging management on the assumptions underlying those projections and sensitised them to reduce anticipated net cash inflows from future trading activities.
- Considering the terms of the bank loan and trade finance facilities and the amount available for drawdown.

INDEPENDENT AUDITORS' REPORT (continued)

Conclusions relating to going concern (continued)

- Obtained the latest financial results post year end 31 December 2023 to review how the group and company are trending toward achieving the forecast.
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the group and parent company's ability to continue as a going concern in the event of not meeting the forecast.
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 4.1.
- Considering potential downside scenarios and the resultant impact on available funds.
- Obtained the latest financial results post year end 31 December 2023 to review how the group and company are trending toward achieving the forecast.
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the group and parent company's ability to continue as a going concern in the event of not meeting the forecast.
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 4.1.

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

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

Overview of our audit approach

Materiality

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

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £695,000 (2022: £600,000), based on 0.5% of revenues per year end management accounts. We reassessed materiality based on final figures and concluded that the initial materiality calculated remained appropriate. As the Group is a trading group, we determined that the use of a trading-based metric was the most appropriate to use for determining materiality.

Materiality for the Parent Company financial statements as a whole was set at £250,000 (2022: £245,000) based on 0.44% of total assets per year end management accounts.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. The performance materiality for the group was £486,500 (2022: £420,000) and £175,000 (2022: £171,000) for the parent company.

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

We agreed with the Audit Committee to report to them all identified errors in excess of £34,750 (2022: £30,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group has a number of operating locations in the UK, which have local accounting functions that report to the central management team at the head office in Birmingham. Other than inventory counts of material locations, which were attended in person, our audit was conducted remotely. Our audit approach focussed on significant components to the Group, Likewise Group Plc, Likewise Floors Ltd, Valley Wholesale Carpets Ltd and William Armes Holdings Ltd which together comprise 99.9% of revenue and total assets. H&V BVBA was not designated as a significant component given its size and only analytical procedures were performed on this entity.

Key Audit Matters

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

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above. We set out below other matters we identified as key audit matters.

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition – See Note 6</p> <p>Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the group’s profitability, which has a consequent impact on its share price performance.</p>	<p>Our work focussed on assessing that revenue accounting policies were compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. We performed testing on the design and implementation of controls in respect of revenue and ensured these were operating as intended. We validated a sample of revenue items to confirm revenue was being recognised in line with IFRS ensuring the goods were delivered within the period and cash was received in respect of these goods. We also assessed the adequacy of the Group’s disclosures related to revenue.</p>

INDEPENDENT AUDITORS' REPORT (continued)

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p><i>Carrying value of goodwill and other intangible assets – See Note 15, 16</i></p> <p>The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and brand assets.</p> <p>When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and other intangible assets could be impaired.</p> <p>The carrying value of goodwill and other intangible assets at 31 December 2023 was £9.56 million (31 December 2022: £9.83 million).</p>	<p>We evaluated, having regard to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired for each CGU.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Assessing the appropriateness of CGU classifications. - Assessing the completeness of the assets subject to impairment assessment of each CGU. - Identifying and assessing the Group's key assumptions utilised in the cash flow forecasts. - Challenging Group's assumptions to externally derived data in relation to key inputs such as revenue volumes and growth, gross margin, terminal growth rates and discount rates. To challenge the reasonableness of the assumptions we also assessed the historical accuracy of the Group's forecasting. - Performing sensitivity and breakeven analysis on the key assumptions and assessing the headroom in the model.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

Based on our understanding of the Group and industry, discussions with management and the Board of Directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review minutes of meetings of the Board of directors;
- enquiry of management about litigations and claims;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of a selection of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Charlton (Senior Statutory Auditor)
for and on behalf of

Crowe U.K. LLP
Statutory Auditor
London
17 May 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 £	As restated 2022 £
Revenue	6	139,538,014	123,642,673
Cost of sales		(97,306,471)	(86,309,299)
Gross profit		42,231,543	37,333,374
Administrative expenses		(22,481,980)	(19,914,378)
Distribution expenses		(17,989,409)	(16,956,934)
Impairment losses on trade receivables		(266,087)	(238,201)
Profit from operations		1,494,067	223,861
Finance income	10	52,330	5,043
Finance expense	10	(1,487,716)	(796,843)
Gain/(Loss) on revaluation of consideration on acquisition		129,750	(846,380)
Profit/(loss) before tax		188,431	(1,414,319)
Taxation	11	655,594	578,015
Profit/(loss) for the year		844,025	(836,304)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	14	24,389	309,957
Actuarial loss on defined benefit schemes	33	-	(5,000)
Tax relating to revaluation of land and buildings	11	(6,097)	-
		18,292	304,957
Items that will or may be reclassified to profit or loss:			
Exchange (losses)/gains arising on translation on foreign operations		(7,015)	16,138
Total comprehensive income		855,302	(515,209)

The notes on pages 48 to 106 form part of these financial statements.

The total basic profit per share attributable to the ordinary equity holders of the Company was 0.3p (2022 - loss of 0.3p). The total diluted profit per share attributable to the ordinary equity holders of the Company was 0.3p (2022 - loss of 0.3p).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	14	48,385,689	47,300,221
Other intangible assets	15	3,938,497	4,208,884
Goodwill	16	5,624,284	5,624,284
		57,948,470	57,133,389
Current assets			
Inventories	18	20,253,799	18,388,527
Trade and other receivables	19	17,679,986	15,573,303
Cash and cash equivalents	20	5,709,229	5,913,155
		43,643,014	39,874,985
Total assets		101,591,484	97,008,374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont)

As at 31 December 2023

	Note	2023 £	2022 £
Liabilities			
Non-current liabilities			
Trade and other liabilities	21	-	4,380,365
Loans and borrowings	22	20,743,819	20,222,050
Deferred tax liability	11	1,866,950	2,496,677
		<u>22,610,769</u>	<u>27,099,092</u>
Current liabilities			
Trade and other liabilities	21	29,765,971	22,970,426
Loans and borrowings	22	9,647,060	7,777,512
Provisions	25	45,103	50,075
		<u>39,458,134</u>	<u>30,798,013</u>
Total liabilities		<u>62,068,903</u>	<u>57,897,105</u>
Net assets		<u>39,522,581</u>	<u>39,111,269</u>
Share capital	28	2,439,645	2,438,360
Share premium	29	17,396,190	17,384,625
Share option reserve	34	903,295	628,454
Revaluation reserve		2,626,976	2,662,384
Foreign exchange reserve		(47,502)	(40,487)
Warrant reserve		128,170	128,170
Retained earnings		16,075,807	15,909,763
Total equity		<u>39,522,581</u>	<u>39,111,269</u>

The financial statements on pages 48 to 106 were approved and authorised for issue by the board of Directors and were signed on its behalf by:



A J Brewer
Director

Date: 17 May 2024

The notes on pages 48 to 106 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	14	5,249,063	5,487,385
Other intangible assets	15	122,480	-
Investments	17	42,309,385	42,119,270
Deferred tax assets	11	903,116	348,793
		<u>48,584,044</u>	<u>47,955,448</u>
Current assets			
Trade and other receivables	19	6,949,853	8,368,936
Cash and cash equivalents	20	182,420	689,259
		<u>7,132,273</u>	<u>9,058,195</u>
Total assets		<u>55,716,317</u>	<u>57,013,643</u>

COMPANY STATEMENT OF FINANCIAL POSITION (cont)

As at 31 December 2023

	Note	2023 £	2022 £
Liabilities			
Non-current liabilities			
		-	3,984,750
Loans and borrowings	22	7,529,955	6,682,422
		<u>7,529,955</u>	<u>10,667,172</u>
Current liabilities			
Trade and other liabilities	21	15,044,263	11,195,573
Loans and borrowings	22	494,235	526,314
		<u>15,538,498</u>	<u>11,721,887</u>
Total liabilities		<u>23,068,453</u>	<u>22,389,059</u>
Net assets			
		<u>32,647,864</u>	<u>34,624,584</u>
Share capital	28	2,439,645	2,438,360
Share premium	29	17,396,190	17,384,625
Share option reserve		903,295	628,454
Foreign exchange reserve		(38,124)	(17,962)
Warrant reserve		128,170	128,170
Retained earnings		11,818,688	14,062,937
Total equity		<u>32,647,864</u>	<u>34,624,584</u>

The Company's loss for the year was £1,512,570 (2022 - £3,985,136).

The financial statements on pages 48 to 106 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

A J Brewer
Director

Date: 17 May 2024

The notes on pages 48 to 106 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital	Share premium	Share option reserve	Revaluation reserve	Foreign exchange reserve	Warrant reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2023	2,438,360	17,384,625	628,454	2,662,384	(40,487)	128,170	15,909,763	39,111,269	39,111,269
Profit for the year	-	-	-	-	-	-	844,025	844,025	844,025
Other comprehensive income (see note 32)	-	-	-	(35,408)	(7,015)	-	53,700	11,277	11,277
Total comprehensive income for the year	-	-	-	(35,408)	(7,015)	-	897,725	855,302	855,302
Dividends	-	-	-	-	-	-	(731,681)	(731,681)	(731,681)
Shares options exercised	1,285	11,565	-	-	-	-	-	12,850	12,850
Share options and warrants issued	-	-	274,841	-	-	-	-	274,841	274,841
Total contributions by and distributions to owners	1,285	11,565	274,841	-	-	-	(731,681)	(443,990)	(443,990)
At 31 December 2023	2,439,645	17,396,190	903,295	2,626,976	(47,502)	128,170	16,075,807	39,522,581	39,522,581

The notes on pages 48 to 106 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Share premium account	Share option reserve	Revaluation reserve	Foreign exchange reserve	Warrant reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2022	1,923,742	22,458,816	308,776	2,406,127	(56,625)	128,170	(4,815,043)	22,353,963	22,353,963
Loss for the year	-	-	-	-	-	-	(836,304)	(836,304)	(836,304)
Other comprehensive income (see note 32)	-	-	-	256,257	16,138	-	48,700	321,095	321,095
Total comprehensive income for the year	-	-	-	256,257	16,138	-	(787,604)	(515,209)	(515,209)
Dividends	-	-	-	-	-	-	(487,590)	(487,590)	(487,590)
Issue of share capital	512,143	17,425,358	-	-	-	-	-	17,937,501	17,937,501
Share options exercised	2,475	22,550	-	-	-	-	-	25,025	25,025
Transfer to retained earnings	-	-	-	-	-	-	22,000,000	22,000,000	22,000,000
Reduction in share premium	-	(22,000,000)	-	-	-	-	-	(22,000,000)	(22,000,000)
Share issue costs	-	(522,099)	-	-	-	-	-	(522,099)	(522,099)
Share options	-	-	319,678	-	-	-	-	319,678	319,678
Total contributions by and distributions to owners	514,618	(5,074,191)	319,678	-	-	-	21,512,410	17,272,515	17,272,515
At 31 December 2022	2,438,360	17,384,625	628,454	2,662,384	(40,487)	128,170	15,909,763	39,111,269	39,111,269

Total contributions by and distributions to owners

At 31 December 2022

The notes on pages 48 to 106 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital	Share premium	Share option reserve	Foreign exchange reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
At 1 January 2023	2,438,360	17,384,625	628,454	(17,962)	128,170	14,062,939	34,624,586
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,512,570)	(1,512,570)
Translation in relation to foreign subsidiary	-	-	-	(20,162)	-	-	(20,162)
Total comprehensive income for the year	-	-	-	(20,162)	-	(1,512,570)	(1,532,732)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(731,681)	(731,681)
Shares options exercised	1,285	11,565	-	-	-	-	12,850
Share options issued	-	-	274,841	-	-	-	274,841
Total contributions by and distributions to owners	1,285	11,565	274,841	-	-	(731,681)	(443,990)
At 31 December 2023	2,439,645	17,396,190	903,295	(38,124)	128,170	11,818,688	32,647,864

The notes on pages 48 to 106 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £	Share premium £	Share option reserve £	Foreign exchange reserve £	Warrant reserve £	Retained earnings £	Total equity £
At 1 January 2022	1,923,742	22,458,816	308,776	(64,881)	128,170	(3,464,337)	21,290,286
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(3,985,136)	(3,985,136)
Translation in relation to foreign subsidiary	-	-	-	46,919	-	-	46,919
Total comprehensive income for the year	-	-	-	46,919	-	(3,985,136)	(3,938,217)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(487,590)	(487,590)
Issue of share capital	512,143	17,425,358	-	-	-	-	17,937,501
Share options exercised	2,475	22,550	-	-	-	-	25,025
Transfer to/from retained earnings	-	-	-	-	-	22,000,000	22,000,000
Transfers between other reserves	-	(22,000,000)	-	-	-	-	(22,000,000)
Share issue costs	-	(522,099)	-	-	-	-	(522,099)
Share options	-	-	319,678	-	-	-	319,678
Total contributions by and distributions to owners	514,618	(5,074,191)	319,678	-	-	21,512,410	17,272,515
At 31 December 2022	2,438,360	17,384,625	628,454	(17,962)	128,170	14,062,937	34,624,584

The notes on pages 48 to 106 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		2023 £	2022 £
Cash flows from operating activities			
Profit/(loss) for the year		844,025	(836,304)
Adjustments for			
Depreciation and amortisation	14-15	4,924,947	3,633,356
Revaluation of consideration		(129,750)	846,380
Taxation	11	(655,594)	(578,015)
Finance income	10	(52,330)	(5,043)
Finance costs	10	1,487,716	796,843
Amendments of property, plant and equipment		(107,072)	-
Gain on sale of property, plant and equipment		(110,898)	(35,193)
Defined benefit pension contributions	33	-	(5,000)
Decrease in provisions	25	(4,972)	(152,601)
Share options issued	34	274,841	319,678
Net foreign exchange (gain)/loss		(7,015)	15,429
		6,463,898	3,999,530
Movements in working capital:			
Increase in trade and other receivables		(2,106,683)	(3,624,487)
Increase in inventories		(1,865,272)	(4,437,276)
Increase in trade and other payables		3,544,930	3,249,449
		6,036,873	(812,784)
Cash generated from operations			
Corporation taxes received/(paid)		19,770	(514,040)
		6,056,643	(1,326,824)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(13,541,050)
Purchases of property, plant and equipment		(1,895,323)	(2,001,322)
Proceeds from disposal of property, plant and equipment		206,965	
Purchase of intangibles	15	(133,983)	
Deferred consideration paid		(1,000,000)	-
Interest received	10	52,330	5,043
		(2,770,011)	(15,460,905)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont)

For the year ended 31 December 2023

	2023 £	2022 £
Cash flows from financing activities		
Interest paid	(319,125)	(225,834)
Consideration for new shares	12,850	16,025,026
Costs of share issue	-	(522,099)
Repayment of lease liabilities	(3,886,917)	(2,448,536)
Increase in invoice discounting	766,116	2,029,473
Repayment of loans	(1,826,801)	(117,106)
New bank loans	2,495,000	-
Dividends paid to the holders of the parent	13 (731,681)	(487,590)
Net cash (used in)/from financing activities	(3,490,558)	14,253,334
Net decrease in cash and cash equivalents	(203,926)	(2,534,395)
Cash and cash equivalents at the beginning of year	5,913,155	8,447,550
Cash and cash equivalents at the end of the year	<u>5,709,229</u>	<u>5,913,155</u>

The notes on pages 48 to 106 form part of these financial statements.

Cash and cash equivalents at 31 December 2023 of £5,709,229 (2022 - £5,913,155) comprised of cash and cash equivalents of £5,709,229 (2022 - £5,913,155) less bank overdrafts of £Nil (2022 - £Nil).

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(1,512,570)	(3,985,136)
Adjustments for			
Depreciation of property, plant and equipment	14	350,204	108,237
Amortisation of intangible fixed assets	15	11,503	-
Finance income	10	(161)	(383)
Finance costs	10	511,560	117,646
Share options issued		84,726	98,089
Revaluation of consideration		(129,750)	763,400
Net foreign exchange (gain)/loss		(20,162)	46,919
Taxation credit for the year	11	(1,271,716)	(767,256)
		<u>(1,976,366)</u>	<u>(3,618,484)</u>
Movements in working capital:			
Decrease/(increase) in trade and other receivables		1,419,083	(2,024,343)
Increase in trade and other payables		1,711,085	8,581,472
Decrease in provisions and employee benefits		-	(88,000)
Cash generated from operations		<u>1,153,802</u>	<u>2,850,645</u>
Net cash from operating activities		<u>1,153,802</u>	<u>2,850,645</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(111,882)	(120,095)
Proceeds from disposal of property, plant and equipment		-	106,400
Purchase of intangibles		(133,983)	-
Purchases of fixed asset investments		-	(24,000,000)
Deferred consideration paid		(1,000,000)	-
Interest received		161	383
Net cash used in investing activities		<u>(1,245,704)</u>	<u>(24,013,312)</u>

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	£	£
Cash flows from financing activities		
Interest paid	(381,517)	(117,646)
Consideration for new shares	12,850	16,025,026
Costs of share issue	-	(522,099)
Movement in lease liabilities	17,212	(6,535)
New bank loans	2,495,000	-
Repayment of loans	(1,826,801)	(117,106)
Dividends paid to the holders of the parent	13 (731,681)	(487,590)
Net cash (used in)/from financing activities	(414,937)	14,774,050
Net decrease in cash and cash equivalents	(506,839)	(6,388,617)
Cash and cash equivalents at the beginning of year	689,259	7,077,876
Cash and cash equivalents at the end of the year	<u>182,420</u>	<u>689,259</u>

The notes on pages 48 to 106 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. General information

The Company is a public company limited by shares, registered in England and Wales and listed on the Alternative Investment Market (AIM). The registered company number is 08010067 and the address of the registered office is Unit 4 Radial Park, Radial Way, Birmingham Business Park, Solihull, England, B37 7WN.

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

2. Restatement of prior period

Management have restated the prior period comparatives within the subsidiary companies Valley Wholesale Carpets Limited and Likewise Floors Limited to ensure that classification of cost of sales, distribution expenses and administrative expenses are in line with the classifications of Likewise Group Plc.

The impact of this has been to:

- decrease cost of sales by £863,145 from £87,172,444 to £86,309,299
- increase administrative expenses by £944,768 from £18,969,610 to £19,914,378
- decrease distribution expenses by £81,623 from £17,038,557 to £16,956,934

There have been no amendments to the prior period Statement of Financial Position as a result of these reclassifications.

3. Basis of preparation

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

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

Both the Company and consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards. On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes.

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

4. Accounting policies

4.1 Going concern

The consolidated financial statements for the Group have been prepared on a going concern basis.

The Group continues to utilise invoice financing arrangements in some subsidiaries and has the option to draw on additional authorised facilities to support working capital requirements. The Group has operated within these facilities throughout the year and continues to do so in 2024. The directors are confident that the Group will be able to operate within the finance facilities available to us.

The Board have also undertaken assessments of going concern by building a cash flow model through to December 2025, based on 2023 actuals, 2024 budget and forecast performance for 2025. These cashflows indicate that the business has adequate resources to continue to operate for the foreseeable future and within the current financing arrangements in place.

Overall, given the strength of the Group's balance sheet, significant cash reserves on hand, availability of financing arrangements and the strong forecast performance of the Group, this provides the Directors with sufficient assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the financial statements.

4.2 Basis of consolidation

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

4.3 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2023. None of these had an impact on the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

4.4 Revenue

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

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

4.5 Finance income and costs

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

4.6 Property, plant and equipment

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

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

Freehold property - 2% straight line

Leasehold improvements - straight line over the term of the lease

Plant and machinery - 10% - 33% straight line

Motor vehicles - 20% - 50% straight line

Fixtures, fittings and computer equipment - 10% - 33% straight line

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

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

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

4.7 Revaluation of property

Individual properties are carried at current year value at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Consolidated 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 Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement.

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

4.8 Impairment of non-financial assets (excluding Goodwill)

At each reporting date, the directors review the carrying amounts of the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

4.8 Impairment of non-financial assets (excluding Goodwill) (continued)

An impairment loss is recognised as an expense immediately.

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

4.9 Inventories

Inventory is valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

4.10 Cash and cash equivalents

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.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when the 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.

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

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

4.12 Financial assets

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

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

Past due (days)	31-60	61-90	90-120	120-250	Over 250
Discount to Amounts Overdue	0%	0%	5%	50%	100%

The Group exercises its discretion in the application of discounts outside of the ECL Matrix based on extenuating circumstances that may apply from time to time to the Group's trade receivables (see note 19). An example of such an extenuating circumstance may occur when it is known that an overdue amount will be collected post a reporting or measurement date.

4.13 Financial liabilities

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

4.14 Foreign currency

The presentation currency for the Group's financial information is pounds sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Any gain or loss on translation of monetary foreign currency assets and liabilities arising from a movement in exchange rates subsequent to initial measurement is included as an exchange gain or loss in the Consolidated Statement of Profit or Loss.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Income Statements and cash flows of such subsidiaries are translated into Sterling at the average rates of exchange. The adjustments to period end rates are taken to foreign exchange reserve in equity and reported in the Other Comprehensive Income.

4.15 Taxation

Current taxation

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

Deferred taxation

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

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

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

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

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

4.16 Business combinations

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the Income Statement as a bargain purchase.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

4.17 Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

4.18 Intangible assets

Other intangible assets

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

Amortisation is provided on all other intangible assets and is calculated as follows:

Brand name	10 - 15 years straight line
Customer base	10 - 15 years straight line
Software modifications	10 years straight line

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

4.19 Employment benefits

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

Contributions to defined contribution pension plans are charged to the Statement of Profit or Loss in the year to which the contributions relate.

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

The amount recognised in the Consolidated Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the 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').

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

4.20 Leases

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

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

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

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

4.21 Borrowing costs

Borrowing costs are charged to the Statement of Profit or Loss in the year in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

4.22 Share based payments

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

4.23 Invoice discounting

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

4.24 Segment reporting

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

Details of the Group's reporting segments are provided in note 6.

4.25 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. Judgements and key sources of estimation uncertainty

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

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

Contingent consideration

Contingent consideration may be payable in respect of acquisitions and is calculated with reference to the Likewise Group Plc share price at a future determination date. The fair value of contingent consideration at the date of acquisition and subsequent remeasurement dates requires significant judgements and estimates and is sensitive to share price changes.

Intangible assets

The Group recognises identifiable intangible assets, such as brands and customer relationships, at fair value on acquisition of the relevant subsidiaries. Any excess paid over the value of net assets acquired is recognised as Goodwill in the Consolidated Statement of Financial Position and is allocated to the appropriate business.

The annual amortisation charge and useful life is based on the period over which management expects to benefit from the intangible assets, based on past experience and knowledge of the business acquired.

Goodwill

Goodwill is recognised on acquisition of subsidiaries. This value is the excess paid over the net assets acquired which cannot be separately identified as an intangible asset. Goodwill is not amortised but is subject to an annual impairment review.

The impairment assessment compares the carrying value of Goodwill with its recoverable amount. The recoverable amount is determined by performing a discounted cash flow (DCF) analysis of the Cash Generating Unit (CGU) with reference to divisional budgets prepared by management. To prepare the DCF, management are required to use estimates and judgement for the parameters applied to the model of growth and termination growth rate percentages along with the discount factor. The percentages used to calculate the growth rates are based on prior performance along with budgets for the coming year. The discount factor is based on the proportion of the company's cost of capital weighted between the use of debt and equity finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

Judgements and key sources of estimation uncertainty (continued)

Impairment of trade receivables

Trade and other receivables are recognised at nominal value less an allowance for doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the directors use reasonable and supportable information that is relevant and available without undue cost or effort. This includes the directors assessment of both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. An additional reserve is established, where required, when the directors consider that a loss is both probable and the amount is known. See notes 4.12 and 19 for further information.

Inventory valuation

Inventories are stated at the lower of cost and the estimated selling price less costs to complete and sell.

Inventory provisions are recognised to provide for short length stock dependant on its length and using the directors judgement of likely future sale to calculate it's likely realisable value. In addition, a provision is recognised for any aged stock, on an increasing basis, once it's been held in inventory for at least one year.

A significant shift in consumer market or customer demand may result in the directors inclusion of an additional specific provision based on their assessment of likely future sale.

Valuation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement. The Group engaged independent valuation specialists to determine fair value. Significant changes in the commercial property market may impact the valuation of the Group's property. See note 14 for further information.

6. Segmental reporting

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

Revenue arises entirely through the wholesale of goods. Segmental analysis is therefore not presented. The Group is not reliant on any one customer and no customer exceeds 10% of total annual turnover. The following is an analysis of the Group's revenue for the year from continuing operations:

	2023 £	2022 £
Sale of goods	139,538,014	123,642,673
	139,538,014	123,642,673

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

	2023 £	2022 £
United Kingdom	139,297,993	123,432,273
Rest of Europe	229,533	182,417
Rest of the world	10,488	27,983
	139,538,014	123,642,673

7. Operating profit

Operating profit is stated after charging:

	2023 £	2022 £
Depreciation of property, plant and equipment	1,496,198	1,217,258
Depreciation of right-of-use assets	3,024,379	2,049,591
(Profit)/loss on foreign exchange	(331)	31,229
Short term lease expense:		
- plant	172,446	174,539
- property	188,500	150,000
Amortisation of intangible assets	404,370	366,507
Share based payments	274,841	319,678
Loss from new operations	95,466	497,968
Exceptional investment in point of sale	283,933	486,536
Strategic location and establishment costs	852,200	-
Acquisition fees and related costs	-	1,455,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

7. Operating Profit (continued)

Losses from new operations relate to costs incurred in the initial start-up phase whilst the business is in its initial development phase and therefore not generating significant returns.

Exceptional investment in point of sale relate to accelerated expenses incurred in increasing the Group's market presence from providing heavily discounted in-store displays to retailers in order to accelerate the growth in market share. This amount relates to specific strategic stand placements over and above what is incurred in the ordinary course of business recognised in the Consolidated Statement of Profit or Loss.

Strategic relocation and establishment costs relate to costs incurred in the relocation and establishment of the new 47,000 sq. ft. high bay Distribution Hub in Glasgow for Likewise Scotland, the relocation and establishment of the Likewise London business to new facilities in Sidcup, the commencement of costs incurred in the forthcoming closure of the A&A Manchester facility as this looks forward to moving to brand new facilities in June 2024 and closure costs incurred for H&V's small warehouse facility in Muelebeke, Belgium. Additionally, extra depreciation costs of £144,845 and extra interest costs of £213,005 were incurred bringing total strategic relocation and establishment costs to £1,210,050 as noted in the Strategic Report.

Acquisition costs related to the acquisition of Valley Wholesale Carpets and Delta Carpets in the prior year.

8. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Group's auditors for the audit of the Group's financial statements	150,000	150,000
Fees payable to the Group's auditors:		
- taxation advisory services	-	500
- work in respect of acquisition due diligence	-	62,000
	<u> </u>	<u> </u>

9. Directors and employees

Group

	2023 £	2022 £
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	18,215,855	16,289,890
National insurance	1,946,475	1,722,647
Defined contribution pension cost	513,550	500,267
Compensation for loss of office	-	15,541
Share based payment expenses	274,841	319,678
	<u> </u>	<u> </u>
	<u>20,950,721</u>	<u>18,848,023</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 3, and other senior management.

	2023 £	2022 £
Salary	1,159,356	1,703,375
Social security costs	147,521	214,322
Group pension contribution to defined contribution schemes	61,350	61,350
Share based payments	68,462	82,468
	<u> </u>	<u> </u>
	<u>1,436,689</u>	<u>2,061,515</u>

As at 31 December 2023, 1,285,714 share options remained active under the Group's SAYE scheme (2022 - 1,285,714). During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options may be exercised between March and October 2024. Post year end, 300,000 of these options were exercised during March 2024.

As at 31 December 2023, 5,900,000 share options remained active under the Group's EMI scheme (2022 - 5,900,000). During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options may be exercised from January 2024. No options have yet been exercised up to the date of this publication.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

9. Directors and employees (continued)

Group

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	2023 No.	2022 No.
Directors	5	5
Other employees	462	450
	<u>467</u>	<u>455</u>

The monthly average number of persons, including the Directors, employed by the Company during the year was 8 (2022 - 12).

	2023 £	2022 £
Remuneration of directors		
Remuneration	649,972	939,327
Social security costs	79,465	107,188
Group pension contribution to defined contribution schemes	25,600	25,600
Share based payments	12,869	14,418
	<u>767,906</u>	<u>1,086,533</u>

In addition, fees of £Nil (2022 - £Nil) were paid to non-executive directors in the year.

The highest paid director received remuneration in the year of £292,368 (2022 - £488,780) and pension contributions were made of £Nil (2022 - £Nil).

	2023 No.	2022 No.
Directors accruing benefits under money purchase pension schemes	1	1
	<u>1</u>	<u>1</u>

2,700,000 share options were granted to directors during 2019 at an exercise price of £0.10 per share. There have been no options exercised or additional options granted since this time. These options may be exercised between January and March 2024.

10. Finance income and expense

Recognised in profit or loss

	2023 £	2022 £
Finance income		
Interest on:		
Bank deposits	52,330	
	-	
Other interest receivable	-	5,043
Total finance income	<u>52,330</u>	<u>5,043</u>
Finance expense		
Bank interest payable	164,269	74,575
Interest on lease liabilities	1,038,548	571,009
Other interest payable	304	22,283
Invoice discounting facility interest payable	284,595	128,976
Total finance expense	<u>1,487,716</u>	<u>796,843</u>
Net finance expense recognised in profit or loss	<u><u>(1,435,386)</u></u>	<u><u>(791,800)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

11. Taxation on ordinary activities

11.1 Income tax recognised in profit or loss

	2023 £	2022 £
Current tax		
Adjustments in respect of prior years	(19,770)	(70,812)
Total current tax	<u>(19,770)</u>	<u>(70,812)</u>
Deferred tax expense		
Origination and reversal of timing differences	(635,824)	(699,135)
Effect of change in tax rates	-	191,932
Total deferred tax	<u>(635,824)</u>	<u>(507,203)</u>
Total tax expense/(credit)	<u><u>(655,594)</u></u>	<u><u>(578,015)</u></u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year are as follows:

	2023 £	2022 £
Profit/(loss) for the year	844,025	(836,304)
Income tax expense/(credit)	(655,594)	(578,015)
Profit/(loss) before income taxes	<u>188,431</u>	<u>(1,414,319)</u>
Tax using the Company's domestic tax rate of 23.5% (2022:19%)	44,281	(268,721)
Fixed asset differences	86,308	391,971
(Income)/Expenses not deductible for tax purposes	(19,092)	345,325
Adjustments to tax charge in respect of prior periods	(19,770)	(70,812)
Non-taxable consolidation adjustments	3,774	(2,619)
Remeasurement of deferred tax	12,383	(30,975)
Movement in deferred tax not recognised	(767,116)	(932,774)
Chargeable losses	(18,245)	-
Other differences leading to an increase/(decrease) in the tax charge	21,883	(9,410)
Total tax expense/(credit)	<u>(655,594)</u>	<u>(578,015)</u>

11. Taxation on ordinary activities (continued)

11.1 Income tax recognised in profit or loss (continued)

Changes in tax rates and factors affecting the future tax charges

At 31 December 2023, the Group has tax losses of £13,955,031 (2022 - £11,539,175) which are available for offset against future taxable profits.

The main rate of corporation tax changed on 1 April 2023 from 19% to 25% (with marginal rate relief available for companies with small profits). As the current financial year includes periods before and after the change in tax rate, the effective rate applicable to profits generated in the year ended 31 December 2023 is 23.5%.

11.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2023 £	2022 £
Deferred tax liabilities	(1,866,950)	(2,496,677)

A deferred tax asset of £1,318,295 (2022 - £1,577,985) has not been recognised in the financial statements in relation to tax losses. In addition a deferred tax asset of £162,970 (2022 - £Nil) has not been recognised in the financial statements in relation to the future tax benefit on the future exercise of employee share options. A deferred tax asset has not been recognised in the year where it is uncertain that the asset will crystallise in the foreseeable future.

A deferred tax asset of £903,116 (2022 - £348,793) has been recognised for the Company. This primarily related to losses carried forward which are expected to be utilised in future periods.

	Opening balance £	Recognised in profit or loss £	Recognised in other Comprehen- sive income £	Closing balance £
2023				
Fixed asset timing differences	(1,303,975)	(267,323)	-	(1,571,298)
Arising from business combinations	(1,052,221)	98,217	-	(954,004)
Capital gains	(1,569,838)	25,489	(6,097)	(1,550,446)
Short term timing differences	122,548	(84,213)	-	38,335
Losses and other deductions	1,306,809	863,654	-	2,170,463
	(2,496,677)	635,824	(6,097)	(1,866,950)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

11. Taxation on ordinary activities (continued)

11.2 Deferred tax balances (continued)

	Opening balance £	Recognised in profit or loss £	Acquisition s/ disposals £	Closing balance £
2022				
Fixed asset timing differences	(653,904)	(381,332)	(268,739)	(1,303,975)
Arising from business combinations	(880,249)	91,627	(263,599)	(1,052,221)
Capital gains	(502,946)	-	(1,066,892)	(1,569,838)
Short term timing differences	19,366	103,182	-	122,548
Losses and other deductions	613,083	693,726	-	1,306,809
	<u>(1,404,650)</u>	<u>507,203</u>	<u>(1,599,230)</u>	<u>(2,496,677)</u>

12. Earnings per share

(i) Basic and diluted loss per share

The total basic profit per share attributable to the ordinary equity holders of the Company was £0.003 (2022 - loss of £0.003). The total diluted profit per share attributable to the ordinary equity holders of the Company was £0.001 (2022 - loss of £0.003).

	2023 Pence	2022 Pence
From continuing operations attributable to the ordinary equity holders of the Company	0.3	(0.3)
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>0.3</u>	<u>(0.3)</u>

(ii) Reconciliation of earnings used in calculating earnings per share

	2023 £	2022 £
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
Used in calculating basic and diluted earnings per share	<u>844,025</u>	<u>(836,304)</u>

12. Earnings per share (cont)

(iii) Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	243,884,066	241,979,322
Adjustments for calculation of diluted earnings per share:		
Options	4,413,734	23,640,830
Warrants	2,900,000	2,800,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>251,197,800</u>	<u>268,420,152</u>

13. Dividends

	2023 £	2022 £
Final dividend of £0.002 paid per Ordinary Share in the year (2022 - £Nil) in relation to the prior year results	487,717	-
Interim dividend of £0.001 paid per Ordinary Share in the year (2022 - £0.002).	243,964	487,590
	<u>731,681</u>	<u>487,590</u>

The directors are proposing a final dividend of £0.0025 per share (2022 - £0.002). The dividend has not been accrued in the consolidated statement of financial position.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

14. Property, plant and equipment

Group	Land and buildings - freehold and long leasehold £	Right of use assets - leasehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Cost or valuation								
At 1 January 2022	5,785,000	8,976,689	298,719	1,928,736	657,796	1,161,407	3,870,997	22,679,344
Additions	517,757	8,172,355	18,692	1,543,168	202,306	983,331	2,577,922	14,015,531
Acquisition of subsidiary	15,966,907	-	-	102,981	810,247	42,071	-	16,922,206
Disposals	-	(434,574)	(10,219)	-	(105,735)	(40,469)	(301,273)	(892,270)
Foreign exchange movements	-	-	-	-	836	-	-	836
At 31 December 2022	22,269,664	16,714,470	307,192	3,574,885	1,565,450	2,146,340	6,147,646	52,725,647
Additions	38,208	-	-	1,339,637	1,119,665	500,083	2,702,800	5,700,393
Disposals	-	(324,440)	(1,502)	(48,319)	(293,093)	(3,034)	(148,766)	(819,154)
Transfers between classes	-	-	-	7,739	-	(7,739)	-	-
Revaluations	(183,043)	-	-	-	-	-	-	(183,043)
At 31 December 2023	22,124,829	16,390,030	305,690	4,873,942	2,392,022	2,635,650	8,701,680	57,423,843

14. Property, plant and equipment (continued)

	Land and buildings - fr eehold and long leasehold £	Right of use assets - leas ehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - othe r £	Total £
Accumulated depreciation and impairment								
At 1 January 2022	-	997,305	30,719	248,735	410,439	327,114	946,311	2,960,623
Charge for the year	309,957	-	30,096	297,108	341,492	238,605	-	1,217,258
Charge for right-of-use assets	-	962,408	-	-	-	-	1,087,183	2,049,591
Transfer intra group	-	-	-	5,636	-	(5,636)	-	-
Disposals	-	(145,960)	(10,219)	-	(53,089)	(1,405)	(281,543)	(492,216)
On revalued assets	(309,957)	-	-	-	-	-	-	(309,957)
Exchange adjustments	-	-	-	(612)	836	(97)	-	127
At 31 December 2022	-	1,813,753	50,596	550,867	699,678	558,581	1,751,951	5,425,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

14. Property, plant and equipment (continued)

Charge for the year	309,389	-	30,719	438,768	402,058	315,264	-	1,496,198
Charge for right-of-use assets	-	1,224,103	-	-	-	-	1,800,276	3,024,379
Disposals	-	(324,440)	-	(40,158)	(206,689)	(11,515)	(117,615)	(700,417)
On revalued assets	(207,432)	-	-	-	-	-	-	(207,432)
At 31 December 2023	101,957	2,713,416	81,315	949,477	895,047	862,330	3,434,612	9,038,154

Net book value

At 1 January 2022	5,785,000	7,979,384	268,000	1,680,001	247,357	834,293	2,924,686	19,718,721
At 31 December 2022	22,269,664	14,900,717	256,596	3,024,018	865,772	1,587,759	4,395,695	47,300,221
At 31 December 2023	22,022,872	13,676,614	224,375	3,924,465	1,496,975	1,773,320	5,267,068	48,385,689

If the freehold and long leasehold property had not been included at valuation, it would have been included under the historical cost convention as follows:

Cost of £19,622,872 (2022 - £19,584,664)
Depreciation of £704,974 (2022 - £449,285)
Net book value of £18,917,898 (2022 - £19,135,379)

14.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated Statement of Financial Position is as follows:

	31 December 2023 £	31 December 2022 £
Property, plant and equipment owned	29,442,007	28,003,809
Right-of-use assets	18,943,682	19,296,412
	<u>48,385,689</u>	<u>47,300,221</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2023 £	31 December 2022 £
Property	13,676,614	14,900,717
Motor vehicles & plant and machinery	5,267,068	4,395,695
	<u>18,943,682</u>	<u>19,296,412</u>

Depreciation charge for the year ended

	31 December 2023 £	31 December 2022 £
Property	1,224,103	962,408
Motor vehicles & plant and machinery	1,800,276	1,087,183
	<u>3,024,379</u>	<u>2,049,591</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

14.2 Fair value measurement and Impairment

Fair value measurement

Included in land and buildings is land with a cost of £6,254,057 (2022 - £6,254,057) which is not depreciated.

The Group's freehold and long leasehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group acquired £4,872,179 freehold and £11,094,728 long leasehold land and buildings as part of the acquisition of the Valley Wholesale Carpets. These were valued at a total of £15,966,907 by the directors at the date of acquisition based on valuations obtained on 13 July 2022 by BNP Paribas Real Estate, independent valuers not related to the Group.

The Group obtained valuations on these freehold and leasehold properties at the reporting date from Gerald Eve LLP.

As the valuations obtained from Gerald Eve were not materially different to the original valuation, the directors have decided to revalue both the freehold and leasehold properties back to the original valuation plus improvements made in the current financial year.

In addition, the Group holds freehold property in its subsidiary William Armes Holdings Limited which was valued at £5,500,000 as at 8 February 2024 by Gerald Eve LLP, independent valuers not related to the Group. The directors do not believe that this valuation is materially different to the valuation at the year end for this property.

Gerald Eve LLP and BNP Paribas Real Estate are chartered surveyors and property consultants that have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation reports have been prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Valuation - Global Standards (incorporating the IVSC International Valuation Standards) issued November 2021 and effective from 31 January 2022 together, where applicable, with the UK National Supplement effective from 14 January 2019, together the "Red Book".

Property valuations are complex, require a degree of judgement and are based on data that may or may not be publicly available. Valuation of investment property and the respective inputs have been classified as level 3 inputs as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market; however there are related inputs from recent property sales that can be used as a basis.

The freehold property in Sudbury has been valued using the traditional “all risks” yield method of valuation, having regard to comparable evidence and current market sentiment. In establishing fair value, the most significant unobservable input is considered to be the appropriate yield to apply to the rental income. This is based on a number of factors including financial covenant strength of the tenant, location, marketability of the unit if it were to become vacant, quality of the property and its scope for potential alternative uses.

The yield applied in the valuation is 6.6%. Assuming all else stayed the same; a decrease of 1% in the yield would result in an increase in fair value of £1,032,000. An increase of 1% in the yield would result in a decrease in fair value of £760,000.

The properties acquired as part of the acquisition of Valley Wholesale Carpets, consisting of two freehold units and a long-leasehold site have been valued using the market (comparative) method of valuation, multiplying the capital value per square foot by the size of the respective buildings. In determining the capital value, the valuers have utilised observable capital values from recent sales in similar locations, condition and size to the respective sites.

The revaluation gain on land and buildings for 2023 of £24,389 (2022 - gain of £309,957) has been recognised within Other Comprehensive Income.

Capital commitments

As at 31 December 2023, the Group had capital commitments totalling £Nil (2022 - £1,090,204).

14.3 Assets pledged as security

There is a floating charge against the assets of the subsidiary Likewise Floors Limited, from NatWest Bank PLC.

There is a fixed charge over the freehold land and buildings held by the Group in respect of the bank loans in place for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

Property, plant and equipment (continued)

Company

Cost or valuation	Right of use assets - leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
At 1 January 2022	66,422	10,219	-	42,299	-	118,940
Additions	5,513,875	-	112,000	8,095	39,248	5,673,218
Disposals	(66,422)	(10,219)	(112,000)	-	-	(188,641)
At 31 December 2022	5,513,875	-	-	50,394	39,248	5,603,517
Additions	-	-	96,995	14,887	-	111,882
At 31 December 2023	5,513,875	-	96,995	65,281	39,248	5,715,399

	Right of use assets - leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Accumulated depreciation and impairment						
At 1 January 2022	66,422	10,219	-	13,495	-	90,136
Charge for the year	-	-	5,600	9,920	-	15,520
Charge for right-of-use assets	90,531	-	-	-	2,186	92,717
Disposals	(66,422)	(10,219)	(5,600)	-	-	(82,241)
At 31 December 2022	90,531	-	-	23,415	2,186	116,132
Charge for the year	-	-	6,466	11,255	-	17,721
Charge for right-of-use assets	319,400	-	-	-	13,083	332,483
At 31 December 2023	409,931	-	6,466	34,670	15,269	466,336
Net book value						
At 1 January 2022	-	-	-	28,804	-	28,804
At 31 December 2022	5,423,344	-	-	26,979	37,062	5,487,385
At 31 December 2023	5,103,944	-	90,529	30,611	23,979	5,249,063

14.4. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Company Statement of Financial Position is as follows:

	31 December 2023 £	<i>31 December 2022 £</i>
Property, plant and equipment owned	121,140	26,979
Right-of-use assets	5,127,923	5,460,406
	<u>5,249,063</u>	<u>5,487,385</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2023 £	<i>31 December 2022 £</i>
Property	5,103,944	5,423,344
Motor vehicles & plant and machinery	23,979	37,062
	<u>5,127,923</u>	<u>5,460,406</u>

15. Intangible assets

Group

	Delta Carpets Customer base £	Likewise Floors Customer base £	Delta Carpets Brandname £	Software modifications £	Likewise Floors Brandname £	Total £
Cost						
At 1 January 2022	-	2,122,349	-	-	2,189,075	4,311,424
Additions on acquisition of subsidiary	513,684	-	540,710	-	-	1,054,394
At 31 December 2022	513,684	2,122,349	540,710	-	2,189,075	5,365,818
Additions	-	-	-	133,983	-	133,983
At 31 December 2023	513,684	2,122,349	540,710	133,983	2,189,075	5,499,801
Accumulated amortisation and impairment						
At 1 January 2022	-	389,097	-	-	401,330	790,427
Charge for the year	38,526	141,490	40,553	-	145,938	366,507
At 31 December 2022	38,526	530,587	40,553	-	547,268	1,156,934
Charge for the year	51,368	141,490	54,071	11,503	145,938	404,370
At 31 December 2023	89,894	672,077	94,624	11,503	693,206	1,561,304
Net book value						
At 1 January 2022	-	1,733,252	-	-	1,787,745	3,520,997
At 31 December 2022	475,158	1,591,762	500,157	-	1,641,807	4,208,884
At 31 December 2023	423,790	1,450,272	446,086	122,480	1,495,869	3,938,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

15. Intangible assets (continued)

Company

	Software modifications £
Cost	
Additions	133,983
At 31 December 2023	<u><u>133,983</u></u>
	Software modifications £
Accumulated amortisation and impairment	
Charge for the year	11,503
At 31 December 2023	<u><u>11,503</u></u>
Net book value	
At 31 December 2023	<u><u>122,480</u></u>

16. Goodwill

Group

	2023 £	2022 £
Cost	5,624,284	5,624,284
	<u>5,624,284</u>	<u>5,624,284</u>
	2023 £	2022 £
Cost		
At 1 January	5,624,284	4,216,728
Additions on acquisition of subsidiaries	-	1,407,556
At 31 December	<u>5,624,284</u>	<u>5,624,284</u>
Accumulated impairment		
At 31 December	<u>-</u>	<u>-</u>

16.1 Allocation of goodwill to cash generating units

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

	2023 £	2022 £
Likewise Floors Limited	3,253,210	3,253,210
Lewis Abbott Limited	467,847	467,847
H&V Carpets BVBA	307,230	307,230
A. & A. Carpets Limited	188,441	188,441
Valley Wholesale Carpets Limited	234,864	234,864
Delta Carpets Limited	1,172,692	1,172,692
	<u>5,624,284</u>	<u>5,624,284</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

Goodwill (continued)

16.1 Allocation of goodwill to cash generating units (continued)

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

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

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used in the supporting five year forecasts being a discount rate of 12% and growth rates ranging from 3%-11% dependent on the specific CGU.

Likewise Floors Limited

The break even point of goodwill for Likewise Floors Limited is at a growth level of -10.4%% with terminal growth factor of 2%.

Lewis Abbott Limited

The break even point of goodwill for Lewis Abbott Limited is at a growth level of -62.1% with terminal growth factor of 2%.

H&V Carpets BVBA

The break even point of goodwill for H&V Carpets BVBA is at a growth level of -1.1% with terminal growth factor of 1%.

A. & A. Carpets Limited

The break even point of goodwill for A. & A. Carpets Limited is at a growth level of -1.7% with terminal growth factor of 1%.

Valley Wholesale Carpets Limited

The break even point of goodwill for Valley Wholesale Carpets Limited is at a growth level of -18.4% with terminal growth factor of 1%.

Delta Carpets Limited

The break even point of goodwill for Delta Carpets Limited is at a growth level of -8.0% with terminal growth factor of 1%.

17. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2023	2022
1) Likewise Floors Limited	Wholesale distribution of floor coverings and associated products	England & Wales	100	100
2) H&V Carpets BVBA	Wholesale distribution of floor coverings and associated products	Belgium	100	100
3) Valley Wholesale Carpets (2004) Limited	Holding company	England & Wales	100	100
4) Valley Wholesale Carpets Limited (100% subsidiary of Valley Wholesale Carpets (2004) Limited)	Wholesale distribution of floor coverings and associated products	England & Wales	100	100
5) Delta Carpets (Holdings) Limited (100% subsidiary of Likewise Floors Limited)	Holding company	England & Wales	100	100
6) Delta Carpets Limited (100% subsidiary of Delta Carpets (Holdings) Limited)	Dormant company	England & Wales	100	100
7) Likewise Holdings Limited	Holding company	England & Wales	100	100
8) William Armes Limited (100% subsidiary of William Armes Holdings Limited)	Dormant company	England & Wales	100	100
9) A. & A. Carpets Limited	Dormant company	England & Wales	100	100
10) Likewise Trading Limited	Holding company	England & Wales	100	100
11) Lewis Abbott Limited (100% subsidiary of Likewise Trading Limited)	Dormant company	England & Wales	100	100
12) Factory Flooring Outlet Ltd (100% subsidiary of Likewise Floors Limited)	Dormant company	England & Wales	100	100
13) Likewise Limited	Dormant company	England & Wales	100	100

The registered offices of H&V Carpets BVBA are Nijverheidsstraat 26, 8760 Meulebeke, Belgium. The registered offices of all other companies within the Group are Unit 4 Radial Park, Radial Way, Birmingham Business Park, Solihull, England, B37 7WN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

Company - Shares in Group undertakings

		2023	2022
		£	£
At 1 January	17	42,119,270	11,738,831
Additions		-	30,158,850
Share options		190,115	221,589
		<u>42,309,385</u>	<u>42,119,270</u>

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

18. Inventories

Group

		2023	2022
		£	£
Finished goods and goods for resale		20,253,799	18,388,527
		<u>20,253,799</u>	<u>18,388,527</u>
		2023	2022
		£	£
Amounts of inventories recognised as an expense during the year		97,306,471	87,172,444
Amounts of inventories impaired during the year		<u>1,123,021</u>	<u>395,225</u>

The Company did not hold any inventories in either the current or prior year.

19. Trade and other receivables

Group

	2023 £	2022 £
Trade receivables	12,802,078	12,007,770
Less: provision for impairment of trade receivables	(369,399)	(302,989)
Trade receivables - net	12,432,679	11,704,781
Prepayments	2,209,125	1,586,490
Other receivables	2,938,182	2,282,032
Total trade and other receivables	17,679,986	15,573,303
Total current portion	<u>(17,679,986)</u>	<u>(15,573,303)</u>

Company

	2023 £	2022 £
Receivables from related parties	6,543,832	8,265,009
Total financial assets other than cash and cash equivalents classified as loans and receivables	6,543,832	8,265,009
Prepayments	355,900	72,722
Other receivables	50,121	31,205
Total trade and other receivables	6,949,853	8,368,936
Less: current portion - prepayments	(355,900)	(72,722)
Less: current portion - other receivables	(220,140)	(31,205)
Less: current portion - receivables from related parties	(6,543,832)	(8,265,009)
Total current portion	<u>(6,949,853)</u>	<u>(8,368,936)</u>
Total non-current portion	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

19. Trade and other receivables (cont)

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

The Directors consider the carrying value of Group trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £369,399 (2022 - £302,989).

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

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

	Group 2023 £	<i>Group 2022 £</i>
Not more than 30 days	7,060,259	<i>6,360,941</i>
More than 30 days but not more than 60 days	3,957,155	<i>3,638,050</i>
More than 60 days but not more than 90 days	773,893	<i>986,714</i>
More than 90 days but not more than 120 days	126,006	<i>135,723</i>
More than 120 days	884,765	<i>886,342</i>
Loss allowance	(369,399)	<i>(302,989)</i>
	<u>12,432,679</u>	<i><u>11,704,781</u></i>

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

	2023 £	<i>ECL</i>
More than 90 days but not more than 120 days - 5% (adjusted - see below)	114,420	5,721
More than 120 days - 50% (adjusted for payment plans - see below)	591,765	295,883
Additional loss allowance	-	67,795
	<u>706,185</u>	<u>369,399</u>

The debtors balance to which the ECL has been applied has been adjusted where there are specific payment plans in place.

	2023 £
Reconciliation of ECL allowance balance	
Balance at 1 January	302,989
ECL allowance charged to profit or loss	266,087
Other movements	(199,677)
	<u>369,399</u>

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

The relevant carrying amounts are:

	2023 £	2022 £
Factored receivables	6,873,509	5,851,797
Associated secured borrowings	<u>(5,155,132)</u>	<u>(4,389,016)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

20. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	5,709,229	5,913,155	182,420	689,259
	<u>5,709,229</u>	<u>5,913,155</u>	<u>182,420</u>	<u>689,259</u>

21. Trade and other payables

Group

	2023 £	2022 £
Trade payables	21,638,744	18,106,217
Other payables	533,997	429,321
Accruals	1,462,027	1,727,216
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>23,634,768</u>	<u>20,262,754</u>
Other payables - tax and social security payments	1,880,688	1,707,672
Deferred consideration	4,250,515	5,380,365
Total trade and other payables	<u>29,765,971</u>	<u>27,350,791</u>
Less: current portion - trade payables	(21,638,744)	(18,106,217)
Less: current portion - other payables	(2,414,685)	(2,136,993)
Less: current portion - accruals	(1,462,027)	(1,727,216)
Less: current portion - deferred consideration	(4,250,515)	(1,000,000)
Total current portion	<u>(29,765,971)</u>	<u>(22,970,426)</u>
Total non-current position	<u>-</u>	<u>4,380,365</u>

Company

	2023 £	2022 £
Trade payables	258,578	27,657
Payables to related parties	10,564,144	9,569,537
Other payables	1,350	1,350
Accruals	254,491	480,257
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	11,078,563	10,078,801
Other payables - tax and social security payments	110,700	116,772
Deferred consideration	3,855,000	4,984,750
Total trade and other payables	15,044,263	15,180,323
Less: current portion - trade payables	(258,578)	(27,657)
Less: current portion - payables to related parties	(10,564,144)	(9,569,537)
Less: current portion - other payables	(112,050)	(118,122)
Less: current portion - accruals	(254,491)	(480,257)
Less: current portion - deferred income	(3,855,000)	(1,000,000)
Total current portion	(15,044,263)	(11,195,573)
Total non-current position	-	3,984,750

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

22. Loans and borrowings

Group

	2023 £	2022 £
Non-current		
Bank loans - secured	2,342,222	1,456,025
Lease liabilities	18,401,597	18,766,025
	<u>20,743,819</u>	<u>20,222,050</u>
Current		
Bank loans and invoice discounting facility	5,273,300	4,595,139
Lease liabilities	4,373,760	3,182,373
	<u>9,647,060</u>	<u>7,777,512</u>
Total loans and borrowings	<u>30,390,879</u>	<u>27,999,562</u>

Company

	2023 £	2022 £
Non-current		
Bank loans - secured	2,342,222	1,456,025
Lease liabilities	5,187,733	5,226,397
	<u>7,529,955</u>	<u>6,682,422</u>
Current		
Bank loans - secured	118,168	206,123
Lease liabilities	376,067	320,191
	<u>494,235</u>	<u>526,314</u>
Total loans and borrowings	<u>8,024,190</u>	<u>7,208,736</u>

Loans and borrowings (continued)

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

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

The invoice discounting facility is held for Likewise Floors Limited and has a fixed service charge of £18,000 per annum.

	2023	2022
	£	£
Amounts repayable under bank loans - Group and Company		
Within one year	118,168	206,123
In the second to fifth year inclusive	462,401	706,822
Beyond five years	1,879,821	749,203
	<u>2,460,390</u>	<u>1,662,148</u>

During the year the Company restructured their bank loans resulting in a principal loan value of £2,495,000 drawn down in July 2023. Repayments commenced in September 2023 and will continue until July 2038. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest at on a floating rate basis with interest at Bank of England rate plus a margin of 2.35%.

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

On 8 December, the subsidiary company Valley Wholesale Carpets Limited entered a trade loan facility agreement with Barclays Bank Plc. This agreement provides the company with the facility to drawdown up to a maximum limit of £2,500,000 available at their request. No funds were drawn down at 31 December 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

23. Leases

Group

(i) Leases as a lessee

The Group's leases include leases for buildings, plant and motor vehicles. The average lease term is 13 years for buildings and 4 years for other fixed assets.

Various lease incentives of rent-free or reduced rent periods are included in the measurement of the right-of-use asset and lease liability at inception of the lease. These predominantly relate to the Group's property lease portfolio.

Lease liabilities are due as follows:

	2023 £	2022 £
Contractual undiscounted cash flows due		
Not later than one year	4,613,991	3,357,091
Between one year and five years	11,812,221	11,018,626
Later than five years	13,109,026	15,073,388
	<u>29,535,238</u>	<u>29,449,105</u>
 Lease liabilities included in the Consolidated Statement of Financial Position at 31 December		
	<u>22,775,357</u>	<u>21,948,398</u>
 Non-current	18,401,597	18,766,025
Current	<u>4,373,760</u>	<u>3,182,373</u>

The following amounts in respect of leases have been recognised in profit or loss:

	2023 £	2022 £
Interest expense on lease liabilities	1,038,548	571,009
Depreciation on lease liabilities	3,024,379	2,049,591
Profit on termination of lease liabilities	(18,358)	(34,535)
Expense relating to short-term leases	<u>360,946</u>	<u>324,539</u>

Company

(ii) Leases as a lessee

The Company's leases include leases for buildings and other assets. The average lease term is 15 years for buildings and 3 years for other fixed assets.

Lease liabilities are due as follows:

	2023	2022
	£	£
Contractual undiscounted cash flows due		
Not later than one year	376,406	328,506
Between one year and five years	2,295,234	2,100,777
Later than five years	6,709,897	7,280,760
	<u>9,381,537</u>	<u>9,710,043</u>
 Lease liabilities included in the Company Statement of Financial Position at 31 December	 <u>5,563,800</u>	 <u>5,546,588</u>
 Non-current	 5,187,733	 5,226,397
Current	<u>376,067</u>	<u>320,191</u>

The following amounts in respect of leases have been recognised in profit or loss:

	2023	2022
	£	£
Interest expense on lease liabilities	347,292	42,148
Depreciation on lease liabilities	332,483	92,717
Expense relating to short-term leases	<u>45,754</u>	<u>25,704</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

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 only financial instruments the Group holds which are measured at fair value through the Income Statement (as level 2 above) are forward currency contracts (see note 26) and deferred consideration in relation to shares issued on acquisition of subsidiaries. The deferred consideration liability held at fair value at 31 December 2023 totalled £4,250,515 (2022 - £4,380,365). All other financial assets and liabilities are held at amortised cost.

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

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	£	£	£	£
Financial assets at amortised cost				
Trade receivables	12,432,679	11,704,781	-	-
Amounts owed by Group undertakings	-	-	6,543,832	8,265,009
Other receivables	2,938,182	2,282,032	50,121	31,205
Cash and cash equivalents	5,709,229	5,913,155	182,420	689,259
	<u>21,080,090</u>	<u>19,899,968</u>	<u>6,776,373</u>	<u>8,985,473</u>

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Non current financial liabilities				
Bank loans - amortised cost	2,342,222	1,456,025	2,342,222	1,456,025
Deferred consideration - held at fair value	-	4,380,365	-	3,984,750
	<u>2,342,222</u>	<u>5,836,390</u>	<u>2,342,222</u>	<u>5,440,775</u>
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Current financial liabilities at amortised cost				
Trade payables	21,638,744	18,106,217	258,578	27,657
Amounts owed to Group undertakings	-	-	10,564,144	9,569,537
Deferred consideration – held at fair value	4,250,515	-	3,855,000	-
Deferred consideration – amortised cost	-	1,000,000	-	1,000,000
Other payables	533,997	429,321	1,350	1,350
Accruals	1,462,027	1,727,216	254,491	480,257
Invoice discounting facility	5,155,132	4,389,016	-	-
Bank loans - current	118,168	206,123	118,168	206,123
	<u>33,158,583</u>	<u>25,857,893</u>	<u>15,051,731</u>	<u>11,284,924</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. Provisions

Group

	Dilapidation provision £
At 1 January 2023	50,075
Utilised during the year	(4,972)
At 31 December 2023	<u><u>45,103</u></u>
Due within one year or less	45,103
	<u><u>45,103</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

26. Financial instrument risk exposure and management

26.1 Financial risk management objectives

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

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

26.2 Foreign currency risk

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

The Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk. As at the 31 December 2023, the value of forward contracts held by the subsidiary companies were as follows:

Likewise Floors Limited held forward Euro contracts totalling €615,576 (2022 - €1,191,033) and forward USD contracts totalling \$3,975,491 (\$299,300).

These contracts crystallise between January and May 2024.

26.3 Interest rate risk

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

The interest on the bank loan and discounting facility are at floating rates. Interest rate risk is high due to the volatility experienced during 2023 and the current economic climate of both the UK and worldwide economy.

Bank loan

The directors have performed a sensitivity analysis which shows the impact on the loan for the coming year should the base rates rise a further 5% from 5.25% to 10.25% after the year end. This would result in a negative impact to the cash-flow over the coming 12 months of £0.1m. In this unlikely scenario, management would look at the options available for refinancing.

Invoice discounting

The directors have performed a sensitivity analysis which shows the impact on the invoice financing for the coming year should the base rates rise a further 5% from 5.25% to 10.25% after the year end. This would result in a negative impact to cash-flow over the coming 12 months of £0.3m. In this unlikely scenario, management would look at reducing the amount of debtors financed or other alternative methods of finance.

Forecasts are currently showing that interest rates should remain stable or potentially fall as we move into Q2 of 2024.

The directors do not deem this to be a significant risk.

26.4 Credit risk

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

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

The ageing profile of the trade receivables balance can be seen in note 19 above.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2023 reporting date this amounts to £21,250,109 (2022 - £19,899,968).

26.5 Liquidity risk

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Carrying amount £	Total 1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2023						
Trade payables	21,638,744	21,638,744	-	-	-	-
Other taxation and social security	1,880,688	1,880,688	-	-	-	-
Other payables	533,997	533,997	-	-	-	-
Accruals	1,462,027	1,462,027	-	-	-	-
Lease liabilities	22,775,357	29,535,238	3,472,161	4,263,852	7,548,369	13,109,026
Invoice discounting facility	5,155,132	5,155,132	-	-	-	-
Bank loans	2,460,390	4,076,204	208,442	277,923	833,769	2,663,429
Deferred consideration	4,250,515	4,250,515	-	-	-	-
	60,156,850	68,532,545	3,680,603	4,541,775	8,382,138	15,772,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023 (continued)

26.5 Liquidity Risk (continued)

31 December 2022

	Carrying amount £	Total 1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
Trade payables	18,106,217	18,106,217	-	-	-	-
Other taxation and social security	1,707,672	1,707,672	-	-	-	-
Other payables	429,321	429,321	-	-	-	-
Accruals	1,727,216	1,727,216	-	-	-	-
Lease liabilities	21,948,398	29,449,105	2,501,515	3,490,139	7,528,487	15,073,388
Invoice discounting facility	4,389,016	4,389,016	-	-	-	-
Bank loans	1,662,148	2,293,057	159,037	212,050	636,150	1,232,807
Deferred consideration	5,380,365	5,380,565	-	4,380,565	-	-
	<u>55,350,353</u>	<u>63,482,169</u>	<u>2,660,552</u>	<u>8,082,754</u>	<u>8,164,637</u>	<u>16,306,195</u>

27. Capital management

The Group's capital management objectives are:

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

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

	2023 £	2022 £
Equity	39,522,581	39,111,269
Borrowings	30,390,879	27,999,562
Cash and cash equivalents	(5,709,229)	(5,913,155)
	<u>64,204,231</u>	<u>61,197,676</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.

28. Share capital

Consolidated and Company

Authorised

	2023 Number	2023 £
Shares treated as equity		
Ordinary shares of £0.01 each	243,964,480	2,439,645
	<u>243,964,480</u>	<u>2,439,645</u>

Issued and fully paid

	2023 Number	2023 £
Ordinary shares of £0.01 each		
At 1 January	243,835,980	2,438,360
Shares issued	128,500	1,285
	<u>243,964,480</u>	<u>2,439,645</u>
At 31 December		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

28. Share capital (continued)

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

On 2 May 2023, the Company allotted 22,500 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £2,250. These shares were issued under the Company's SAYE scheme.

On 8 September 2023, the Company allotted 106,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £10,600. These shares were issued under the Company's SAYE scheme.

29. Share premium

	2023 £	2022 £
Share premium at 1 January	17,384,625	22,458,816
Premium on shares issued in the year	11,565	17,447,908
Share issue costs	-	(522,099)
Reduction of share premium	-	(22,000,000)
Share premium at 31 December	<u>17,396,190</u>	<u>17,384,625</u>

See note 28 for details of shares issued in the year.

30. Reserves

Share capital

This represents the nominal value of shares that have been issued.

Share premium

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

Revaluation reserve

This is used to record increases in the fair value of fixed assets and decreases to the extent that the decrease relates to a previous increase on the same asset. The revaluation reserve is a non-distributable reserve. The excess depreciation on revalued assets in comparison to historical cost depreciation is transferred from the revaluation reserve to retained earnings.

Foreign exchange reserve

This reflects the exchange differences on the translation of the foreign subsidiary.

Retained earnings

This includes all current and prior period gains and losses.

Share option reserve

This represents the cumulative fair value of options granted.

Warrant reserve

This represents the cumulative fair value of warrants granted.

31. Warrants over ordinary shares

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

On 1 May 2019, the Company issued warrants over 1,000,000 shares as part of the acquisition of H&V Carpets BVBA at a price of £0.30 per share. The fair value of the warrants at the date of grant was considered to be £128,170.

On 25 October 2023, the Company issued warrants over 100,000 shares to WH Ireland Limited following their appointment as joint broker to the Group. Warrants were issued at a price of £0.05 per warrant share and are exercisable from 2 April 2024, up to the fifth anniversary from the date of the warrant instrument agreement.

Warrants are exercisable at any date in the ten years following the date of grant and none had been exercised as at 31 December 2023.

32. Analysis of amounts recognised in other comprehensive income

	Note	Revaluation reserve £	Foreign exchange reserve £	Retained earnings £
Year to 31 December 2023				
Property revaluation	14	24,389	-	-
Deferred tax on property revaluation	11	(6,097)	-	-
Translation in relation to foreign subsidiary		-	(7,015)	-
Transfer to/from retained earnings		(53,700)	-	53,700
		<u>(35,408)</u>	<u>(7,015)</u>	<u>53,700</u>

	Note	Revaluation reserve £	Foreign exchange reserve £	Retained earnings £
Year to 31 December 2022				
Property revaluation	14	309,957	-	-
Actuarial losses on pension	33	-	-	(5,000)
Translation in relation to foreign subsidiary		-	16,138	-
Transfer to/from retained earnings		(53,700)	-	53,700
		<u>256,257</u>	<u>16,138</u>	<u>48,700</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

33. Retirement plans

Defined contribution scheme

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the Group to the scheme during the year amounted to £513,550 (2022 - £500,267). The amount outstanding at the reporting date in respect of contributions to the scheme were £98,970 (2022 - £114,241).

(i) Defined benefit scheme characteristics and funding

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

The assets of the Scheme are held separately from those of the Group in trustee-administered funds. The level of contributions is determined by a qualified actuary on the basis of triennial valuations. The liabilities have been rolled forward based on data at 31 December 2020.

The contribution paid for the year ended 31 December 2023 was £Nil (2022 - £5,000). The Group expects to contribute £Nil to the scheme in the coming financial year.

Given that the defined benefit pension scheme is in surplus at 31 December 2023, there is expected to be no material impact on the Group's future cash flows.

33. Retirement plans (continued)

(ii) Reconciliation of defined benefit obligation and fair value of scheme assets

All defined benefit schemes are exposed to materially the same risks and therefore the reconciliation below is presented in aggregate.

	Defined benefit obligation		Fair value of scheme assets		Effect of asset ceiling		Net defined scheme liability	
	2023	2022	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£	£	£
Balance at 1 January	1,266,000	1,731,000	(1,577,000)	(1,928,000)	311,000	197,000	-	-
Interest cost	58,000	32,000	(58,000)	(32,000)	-	-	-	-
Included in profit or loss	1,324,000	1,763,000	(1,635,000)	(1,960,000)	311,000	197,000	-	-
Actuarial loss from:								
- Demographic assumptions	5,000	(402,000)	-	-	-	-	5,000	(402,000)
- Limited by asset ceiling	-	-	-	-	13,000	114,000	13,000	114,000
Return on plan assets (excluding interest)	-	-	(18,000)	293,000	-	-	(18,000)	293,000
Included in other comprehensive income	5,000	(402,000)	(18,000)	293,000	13,000	114,000	-	5,000
Included in other comprehensive income	5,000	(402,000)	(18,000)	293,000	13,000	114,000	-	5,000
Employer contributions	-	-	-	(5,000)	-	-	-	(5,000)
Benefits paid	(98,000)	(95,000)	98,000	95,000	-	-	-	-
Other movements	(98,000)	(95,000)	98,000	90,000	-	-	-	(5,000)
Balance at 31 December	1,231,000	1,266,000	(1,555,000)	(1,577,000)	324,000	311,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

Composition of plan assets:

	2023 £	2022 £
Equities / Property	613,000	861,000
Cash	191,000	76,000
Bonds	751,000	640,000
Total plan assets	<u>1,555,000</u>	<u>1,577,000</u>

Actuarial assumption

The principal actuarial assumptions used in the determining calculating the present value of the defined benefit obligation (weighted average) include:

	2023	2022
Discount rate	4.50 %	4.80 %
Future salary increases	2.30 %	2.50 %
Inflation assumption (RPI)	3.00 %	3.30 %
Mortality rates - for male aged 65 now	1.00 %	1.00 %
Mortality rates - for female aged 65 now	1.00 %	1.00 %
- Males	86.2 years	86.2 years
- Females	88.6 years	88.5 years
Longevity at retirement age (future pensioners)		
- Males	87.3 years	87.2 years
- Females	89.7 years	89.7 years

Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation was performed:

- A decrease in the interest rates of 0.5% would increase liabilities by 6.3%;
- A decrease in inflation of 0.5% would decrease the liabilities by 5.0%; and
- An increase in the long term rate of mortality improvement of 0.5% would increase the liabilities by 1.5%.

34. Share-based payments

Equity settled share option plan

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

As at 31 December 2022, 8,140,830 share options remained active. During the current year 4,462,181 new options were issued and 2,890,177 options lapsed on employees leaving the Group. During the current year 128,500 options were exercised with a weighted average option price of £0.10 per share. The remaining contractual life of the remaining 9,584,334 options is approximately 2 years.

As at 31 December 2022, 11,350,000 share options remained active which were issued under Enterprise Management Incentives (EMIs). During the current year no new options were issued or exercised and 550,000 options lapsed on employees leaving the Group. The remaining contractual life of the remaining 10,800,000 options is approximately 0.75 years.

As at 31 December 2022, 4,150,000 share options remained active which were issued to management under a Company Share Option Plan (CSOP). During the current year 1,100,000 new options were issued, no options were exercised and 350,000 options lapsed on employees leaving the Group. The remaining contractual life of the remaining 4,900,000 options is approximately 2.75 years.

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

The cost of options is amortised to the Statement of Comprehensive Income over the service life of the option resulting in a charge of £274,841 for the year (2022 - £319,678).

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

A rent charge and early termination settlement of £78,179 was paid in the prior year for leased office premises from a subsidiary of REI plc, a Company controlled by the Group's Non-Executive Chairman. Following the move of the Group's head office to the Radial Park facility, no further fees are payable in respect of the Group's previous head office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (continued)

36. Changes in liabilities arising from financing activities

	Cash and cash equivalents £	Borrowing due within one year £	Borrowing due after one year £	Lease liabilities £	Total £
At 31 December 2021	8,447,550	(2,498,234)	(1,640,563)	(12,170,539)	(7,861,786)
Cash flows	(2,534,395)	-	-	-	(2,534,395)
Repayment of bank loans	-	(67,432)	184,538	-	117,106
Increase in invoice discounting facility	-	(2,029,473)	-	-	(2,029,473)
New /amended lease liabilities	-	-	-	(12,226,395)	(12,226,395)
Repayment of lease liabilities	-	-	-	2,448,536	2,448,536
At 31 December 2022	5,913,155	(4,595,139)	(1,456,025)	(21,948,398)	(22,086,407)
At 31 December 2022	5,913,155	(4,595,139)	(1,456,025)	(21,948,398)	(22,086,407)
Cash flows	(203,925)	-	-	-	(203,925)
Repayment of bank loans	-	206,123	1,620,678	-	1,826,801
New bank loan	-	(118,168)	(2,376,832)	-	(2,495,000)
Interest accrued in period	-	-	(130,043)	(1,017,499)	(1,147,542)
Increase in invoice discounting facility	-	(766,116)	-	-	(766,116)
New / amended lease liabilities	-	-	-	(3,696,377)	(3,696,377)
Repayment of lease liabilities	-	-	-	3,886,917	3,886,917
At 31 December 2023	5,709,230	(5,273,300)	(2,342,222)	(22,775,357)	(24,681,649)

37. Post balance sheet events

During January 2024, the Company paid deferred consideration of £3,855,000 to the former shareholders of Valley Wholesale Carpets (2004) Limited in satisfaction of the acquisition agreement.

On 18 March 2024, the Company allotted 1,044,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £104,400. These shares were issued under the Company's SAYE scheme.

On 10 May 2024, the Company allotted 275,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £27,500. These shares were issued under the Company's SAYE scheme.

On 3 April 2024, the company paid deferred consideration of £414,500 to the former shareholders of Delta Carpets (Holdings) Limited, in satisfaction of the acquisition agreement.

