COMPANY REGISTRATION NUMBER: 03220392

HEATSEAM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

HEATSEAM LIMITED

Annual Report and Financial Statements

Period ended 31 December 2019

Contents

HEATSEAM LIMITED

Officers and professional advisers

The board of directors	A J Brewer (appointed 18 April 2019) J A Kellett (appointed 18 April 2019) A M Laffey (appointed 18 April 2019) R Povey (appointed 18 April 2019) G A Toomes (resigned 18 April 2019) S J Toomes (resigned 18 April 2019)
Registered office	Units 4 + 5 Heatseam Business Park Ravensthorpe Road Dewsbury West Yorkshire WF12 9EG
Auditors	Crowe U.K. LLP Chartered Accountants & statutory auditor 55 Ludgate Hill London EC4M 7JW

HEATSEAM LIMITED

Strategic report

Period ended 31 December 2019

Introduction

The directors present their Strategic Report and the audited financial statements of the Company for the nine month period ended 31 December 2019.

During the period the accounting period was shortened to align with the year end of the ultimate parent company. The prior period comparatives are therefore for the twelve months to 31 March 2019.

Group review

On 18 April 2019, the Company acquired the entire issued share capital of Factory Flooring Outlet Ltd for consideration of £Nil. The principal activity of the new subsidiary was the wholesale distribution of floor coverings and associated products.

Immediately following the purchase of the new subsidiary, on 18 April 2019, the entire issued share capital of the Company was purchased by Likewise Group Plc. The Company has continued to operate from its bases in Dewsbury, Scotland and Daventry and has joined the enlarged Likewise Group.

Likewise Group Plc acquired Heatseam Limited for long term strategic reasons. Heatseam provided Likewise with critical mass with regards to sales volume and geographic logistics capacity.

During 2019 there has been a transitional period from private entrepreneurial ownership to that of being managed in a more corporate structure.

Particularly in the 2nd Half of 2019, Heatseam helped support the development of the newly formed Likewise businesses established in Glasgow, Newcastle, Dewsbury, Sudbury and Peckham. This will have incurred additional operating costs in Heatseam during the period.

The IT Platform will be moved to the core Mayne system which Likewise operate in their other businesses. This is scheduled for quarter 3 of 2020.

During the first six months of 2020 significant improvements have been made to the logistics capabilities in the two Distribution Centres in Dewsbury.

Emphasis is also being placed on an improved customer mix to reduce the reliance on a small number of high volume low margin accounts.

Whilst going through the changes described, the acquisition of Heatseam remains an important and integral part in developing Likewise into a prominent national distributor of floor coverings.

On 31 December 2019, the entire trade and assets of Factory Flooring Outlet Ltd were transferred to Heatseam Limited. At the date of transfer Factory Flooring Outlet Ltd had a net liabilities position of £277,986.

Following this, on 31 December 2019, the intercompany balance owed to Heatseam Limited by Factory Flooring Outlet Ltd was written off. Since this date, the subsidiary company has been dormant.

Overall the directors are satisfied with the progress of the enlarged Heatseam business since acquisition by Likewise Group Plc.

HEATSEAM LIMITED

Strategic report

Period ended 31 December 2019

Key Performance Indicators

The directors consider the following as key performance indicators (KPIs) for the Group: revenue and operating profit. The directors review these on a monthly basis. Sales and orders are also monitored against budget on a weekly basis by the executive management team for the wider Likewise Group.

Key performance indicators were as follows:

	Period ended 31 December 2019	Year ended 31 March 2019
	£	£
Revenue	17,041,089	20,391,926
Operating (Loss)/Profit	(787,578)	999,732

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

R Povey
Director

Date: 15-12-2020

HEATSEAM LIMITED

Directors' report

Period ended 31 December 2019

The directors present their report and the audited financial statements for the nine month period ended 31 December 2019.

Principal activities

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

Results and dividends

Revenue for the period amounted to £17,041,089 (31 March 2019: £20,391,926). Loss before taxation was £811,142 (31 March 2019: profit of £957,782).

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

Impact of Coronavirus (COVID-19)

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

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

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

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

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

Over the last few months our management have been particularly "hands on" with reduced staff levels, allowing all of our sites to operate. A revised budget from 1st July has been agreed for the second half of 2020. Whilst market conditions are difficult to predict, this reasonably prudent budget produces a positive profit performance for this period. Working capital management is monitored daily.

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

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

Financial risk management objectives and policies

The three key risks the Group monitors are interest rate risk, liquidity risk and credit risk. The directors review and agree 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 including variable rate overdraft facilities. The interest rates charged are reviewed and re-negotiated periodically.

Liquidity risk
Short-term flexibility is achieved through overdraft facilities.

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

Directors

The directors who served during the period were as follows:

A J Brewer (appointed 18 April 2019)
J A Kellett (appointed 18 April 2019)
A M Laffey (appointed 18 April 2019)
R Povey (appointed 18 April 2019)
G A Toomes (resigned 18 April 2019)
S J Toomes (resigned 18 April 2019)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they are required to prepare the consolidated financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
• prepare a Directors' Report and a Strategic Report which comply with the requirements of the Companies Act 2006

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

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

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

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

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

R Povey
Director

Date: 15-12-2020

Independent Auditor's Report to the Members of Heatseam Limited

Period ended 31 December 2019

Opinion

We have audited the financial statements of Heatseam Limited (the "parent company") and its subsidiaries (the "group") for the period ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:
• the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the period then ended;
• the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
• the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- The information given in the strategic report and the directors' report for the financial period 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.

Independent Auditor's Report to the Members of Heatseam Limited (continued)

Period ended 31 December 2019

Matters on which we are required to report by exception

In the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

John Glasby (Senior Statutory Auditor)

For and on behalf of

Crowe U.K. LLP

Chartered Accountants & Statutory Auditors

55 Ludgate Hill

London

EC4M 7JW

Date: 16 December 2020

HEATSEAM LIMITED

Consolidated Statement of Comprehensive Income

	Notes	Period ended 31 December 2019 £	As restated Year ended 31 March 2019 £
Revenue	7	17,041,089	20,391,926
Cost of sales		(13,080,995)	(15,320,701)
Gross profit		3,960,094	5,071,225
Distribution costs		(347,453)	(949,447)
Administrative expenses		(3,578,953)	(3,122,046)
Exceptional expenses	8	(821,266)	-
Operating (loss)/profit	8	(787,578)	999,732
Finance income		-	26
Finance costs	10	(23,564)	(41,976)
(Loss)/profit before taxation		(811,142)	957,782
Taxation	11	111,101	(206,679)
(Loss)/profit for the financial period/year		(700,041)	751,103

There were no recognised gains and losses for either period other than those included in the Consolidated Statement of Comprehensive Income

There was no other comprehensive income for either period.

HEATSEAM LIMITED

Consolidated Statement of Financial Position

31 December 2019

	Notes	31 December 2019 £	As restated 31 March 2019 £
Assets			
Non-current assets			
Intangible assets	12	-	-
Property, plant and equipment	13	797,993	941,711
Right-of-use assets	16	585,909	-
		1,383,902	941,711
Current assets			
Inventories	15	4,908,535	4,681,815
Trade and other receivables	17	3,425,195	2,213,505
Cash and cash equivalents	18	153,823	64,950
		8,487,553	6,960,270
Current liabilities			
Trade and other payables	19	(5,500,223)	(3,414,262)
Lease liabilities	20	(503,472)	(160,886)
Borrowings	21	(127,639)	(19,744)
		(6,131,334)	(3,594,892)
Net current assets		2,356,219	3,365,378
Non-current liabilities			
Deferred tax liability	11	(114,423)	(118,183)
Lease liabilities	20	(494,264)	(370,195)
		(608,687)	(488,378)
Net assets		3,131,434	3,818,711
Equity			
Share capital	25	2	2
Retained earnings	32	3,131,432	3,818,709
Total equity		3,131,434	3,818,711

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

R Povey

R Povey
Director

Date: 15 - 12 - 2020

Company registration number: 03220392

HEATSEAM LIMITED

Company Statement of Financial Position

31 December 2019

	Notes	31 December 2019 £	As restated 31 March 2019 £
Assets			
Non-current assets			
Property, plant and equipment	13	797,993	941,711
Right-of-use assets	16	585,909	-
		1,383,902	941,711
Current assets			
Inventories	15	4,908,535	4,681,815
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Borrowings	21	(127,639)	(19,744)
		(6,131,334)	(3,594,892)
Net current assets		2,356,119	3,365,378
Non-current liabilities			
Deferred tax liability	11	(114,423)	(118,183)
Lease liabilities	20	(494,264)	(370,195)
		(608,687)	(488,378)
Net assets		3,131,334	3,818,711
Equity			
Share capital	25	2	2
Retained earnings	32	3,131,332	3,818,709
Total equity		3,131,334	3,818,711

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

R Povey

R Povey
Director

Date: 15-12-2020

Company registration number: 03220392

HEATSEAM LIMITED

Statements of Changes in Equity

31 December 2019

Consolidated	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018	2	3,067,606	3,067,608
Profit for the year	-	874,701	874,701
Balance at 31 March 2019 (as previously stated)	2	3,942,307	3,942,309
Prior year adjustment (see note 19)	-	(123,598)	(123,598)
Balance at 31 March 2019 (as restated)	2	3,818,709	3,818,711
Loss for the period	-	(700,041)	(700,041)
Share options in Likewise Group Plc	-	19,208	19,208
IFRS16 Adjustment	-	(6,444)	(6,444)
Balance at 31 December 2019	2	3,131,432	3,131,434

Company	Share capital £	Retained earnings £	Total £
Balance At 1 April 2018	2	3,067,606	3,067,608
Profit for the year	-	874,701	874,701
Balance At 31 March 2019	2	3,942,307	3,942,309
Prior year adjustment (see note 19)	-	(123,598)	(123,598)
Balance at 31 March 2019 (as restated)	2	3,818,709	3,818,711
Loss for the period	-	(700,141)	(700,141)
Share options in Likewise Group Plc	-	19,208	19,208
IFRS16 Adjustment	-	(6,444)	(6,444)
Balance At 31 December 2019	2	3,131,332	3,131,334

HEATSEAM LIMITED

Statements of cash flows

31 December 2019

	Consolidated		Company	
		As restated		As restated
	period ended	year ended	period ended	year ended
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Cash flows from operating activities				
(Loss)/profit before tax for the period/year	(811,142)	957,782	(811,242)	957,782
Adjustments for:				
Depreciation	436,132	224,527	430,054	224,527
Impairment of goodwill	212,204	-	-	-
Impairment of tangible fixed assets	185,472	-	168,367	-
Impairment of stock	423,590	-	423,590	-
Loss on disposal of fixed assets	-	167	-	167
Finance income	-	(26)	-	(26)
Finance costs	23,564	41,976	23,564	41,976
	469,820	1,224,426	234,333	1,224,426
Decrease/(increase) in inventories	(588,488)	(932,044)	(650,310)	(932,044)
(Increase)/decrease in trade and other receivables	(979,692)	(353,204)	(1,104,503)	(353,204)
(Decrease)/increase in trade and other payables	1,833,523	421,241	2,294,338	421,241
Cash flows from operations	735,163	360,419	773,858	360,419
Income tax paid	(189,169)	(206,547)	(189,169)	(206,547)
Net cash (outflow)/inflow from operating activities	545,994	153,872	584,689	153,872
Cash flow from investing activities				
Purchase of property, plant and equipment	(184,107)	(613,535)	(184,107)	(613,535)
Sale of property, plant and equipment	-	74,933	-	74,933
Net cash acquired with subsidiaries	38,695	-	-	-
Interest received	-	26	-	26
Net cash used in investing activities	(145,412)	(538,576)	(184,107)	(538,576)
Net cash flow from financing activities				
Interest paid	(23,564)	(41,976)	(23,564)	(41,976)
Repayment of loans from connected companies	-	361,714	-	361,714
Capital repayments	-	368,198	-	368,198
Amount introduced/(withdrawn) by directors	-	(32,426)	-	(32,426)
Repayment of lease liabilities	(396,040)	-	(396,040)	-
(Repayment of)/new loans	(19,744)	(97,867)	(19,744)	(97,867)
Net cash inflow/(outflow) from financing activities	(439,348)	557,643	(439,348)	557,643
Net increase in cash and cash equivalents	(38,766)	172,939	(38,766)	172,939
Cash and cash equivalents at the beginning of financial period/year	64,950	(107,989)	64,950	(107,989)
Cash and cash equivalents at end of financial period/year	26,184	64,950	26,184	64,950
Comprising				
Cash at bank	153,823	64,950	153,823	64,950
Bank overdrafts	(127,639)	-	(127,639)	-
	26,184	64,950	26,184	64,950

1 General information

Heatseam Limited is a private company, limited by shares, registered in England and Wales. The registered company number is 03220392 and the address of the registered office is Units 4 & 5 Heatseam Business Park, Ravensthorpe Road, Dewsbury, West Yorkshire, WF12 9EG.

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

2 Basis of preparation

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

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

During the period the accounting period was shortened to 31 December in order to align with the year end of the wider group. The current period therefore shows results for a nine month period. Comparative figures are for the twelve month period 1 April 2018 to 31 March 2019.

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

The Company and Group has adopted IFRS for the first time in these financial statements. The financial statements for the year ended 31 March 2019 were presented in accordance with Financial Reporting Standard 102.

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

3 Accounting policies

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. This is on the basis of the forecast and cash flow projections and the continued support of Likewise Group Plc including not requesting payment of any amounts owed to it by the company to the extent that it would prejudice the ability of the company to meet its liabilities as they fall due.

Impact of Coronavirus (COVID-19)

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

The Directors consider that the financial strength of the Company, when taking account of the support of the wider Group, will allow the Company to manage this difficult situation and continue to meet its customers' requirements for the foreseeable future.

Basis of consolidation

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

3 Accounting policies *(continued)*

Revenue recognition

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

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

Finance income and costs

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

Property, plant and equipment

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

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

Plant and machinery	-	12.5% - 15% straight line
Fixtures and fittings	-	20% straight line
Motor vehicles	-	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.

Impairment of non financial assets (excluding Goodwill)

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

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

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

An impairment loss is recognised as an expense immediately.

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

3 Accounting policies *(continued)*

Inventory

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

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

Cash at bank

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

Financial instruments

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

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

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

Financial assets

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

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

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

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

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

Financial liabilities

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

Interest bearing 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.

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

Foreign currency

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

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.

Business combinations

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

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

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

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

Business combinations *(continued)*

Acquisition related costs are expensed as incurred.

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

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

Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

Employment benefits

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

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

3 Accounting policies *(continued)*

Leases

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its weighted average incremental borrowing rate of 1.5%.

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

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

Borrowing costs

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

Share based payments

The fair value of equity instruments in the ultimate parent company granted to employees is charged to the Statement of Comprehensive Income, with a corresponding increase in equity, within the profit and loss account, as a capital contribution from the parent company.

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.

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 company's reporting segments are provided in note 7.

4 Adoption of new and revised International Financial Reporting Standards

Impact of initial application of IFRS16 Leases

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

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

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

(a) Impact of the new definition of a lease

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

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

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

(b) Former operating leases

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

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

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

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

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

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

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

(c) Former finance leases

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

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

(d) Financial impact of the initial application of IFRS16

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

	1 April 2019 £
Impact on retained earnings	
Increase in depreciation of right-of-use asset	(546,262)
Increase in finance costs	(32,356)
Decrease in other expenses	571,977
Decrease in retained earnings	(6,641)

Impact on assets, liabilities and equity	1 April 2019 £
Right-of-use assets	480,058
Net impact on total assets	480,058
Lease liabilities	(486,699)
Net impact on total liabilities	(486,699)
Retained earnings	(6,641)

Reconciliation of operating lease commitments	£
Total operating lease commitments as at 31 March 2019	(12,950)
Adjustment for previously unrecognised leases (undiscounted)	(486,950)
Impact of discounting on brought forward commitments	13,201
Total right-of-use asset lease liabilities recognised as at 1 April 2019	(486,699)

Amendments to IFRS9

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

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

IFRS 15 'Revenue from Contracts with Customers'

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

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

5 International Financial Reporting Standards in issue but not yet effective

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

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

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

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

6 Judgements and key sources of estimation uncertainty

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

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

- Impairment of trade receivables

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

- Inventory valuation

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

- Acquisition accounting balances

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

The Group made one acquisition in the period. Further information is provided in note 28.

7 Segmental reporting

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

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

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

8 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	period ended 31 December 2019 £	year ended 31 March 2019 £
Depreciation of property, plant and equipment	165,536	224,527
Depreciation of right-of-use assets	270,596	-
Difference on foreign exchange	71,936	-
Other operating leases	-	49,947
Share based payments	19,208	-
Exceptional items		
- impairment of plant and equipment	185,472	-
- impairment of discontinued stock	423,590	-
- impairment of goodwill	212,204	-

The fees payable to the Group's auditor for the audit of the financial statements were borne in the current period by the parent company, Likewise Group Plc.

9 Directors and employees

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

	period ended 31 December 2019	year ended 31 March 2019
	£	£
Staff costs		
Wages and salaries	1,474,829	1,357,086
Social security costs	131,178	106,243
Pension costs	45,186	68,974
Share based payments	19,208	-
	1,670,401	1,532,303

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

	period ended 31 December 2019	year ended 31 March 2019
	£	£
Distribution and administration	86	61
	86	61

Remuneration of directors

	period ended 31 December 2019	year ended 31 March 2019
	£	£
Directors' emoluments	-	92,640
	-	92,640

Directors emoluments were borne by the parent company in the current period.

10 Finance costs

	period ended 31 December 2019	year ended 31 March 2019
	£	£
Bank interest payable	2,588	15,397
Loans written off	-	6,025
Other interest payable	11,817	20,554
Right-of-use asset interest payable	9,159	-
	23,564	41,976

11 Taxation on ordinary activities

Analysis of credit/(charge) in the year/period	period ended 31 December 2019	year ended 31 March 2019
	£	£
Current tax (credit)/charge	(107,087)	189,169
Deferred tax (credit)/charge	(4,014)	17,510
	(111,101)	206,679

11 Taxation on ordinary activities *(continued)*

	period ended 31 December 2019 £	year ended 31 March 2019 £
(Loss)/profit on ordinary activities before taxation	(811,142)	957,782
Tax on (loss)/profit on ordinary activities at 19%	(154,117)	181,979
Fixed asset differences	-	(17,510)
Expenses not deductible for tax purposes	52,817	1,217
Losses carried back	107,087	-
Adjust for deferred tax recognised at 17%	(13,432)	-
Adjustments in respect of prior periods	(107,087)	23,483
Other adjustments	3,631	-
Deferred tax not recognised	-	17,510
Total tax (credit)/charge for the period/year	(111,101)	206,679

Deferred tax reconciliation

	£
Balance as at 1 April 2019	(118,183)
Credit to income statement	4,014
Other adjustments	(254)
Balance as at 31 December 2019	(114,423)

12 Intangible assets

	Goodwill
	£
Cost	
At 1 April 2018	-
At 31 March 2019	-
Recognised on acquisition of subsidiary	212,204
At 31 December 2019	212,204
Accumulated impairment losses	
At 1 April 2018	-
At 31 March 2019	-
Impairment losses for the period	212,204
At 31 December 2019	212,204
Carrying amount	
At 31 December 2019	-
At 31 March 2019	-
At 1 April 2018	-

On 18 April 2019, the Company acquired the entire issued share capital of Factory Flooring Outlet Ltd, a wholesale distributor of floor coverings and associated products. See note 28 for further information.

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

13 Property, plant and equipment

	Plant and machinery	Motor vehicles	Fixtures and fittings & computer equipment	Total
Consolidated	**£**	**£**	**£**	**£**
Cost				
At 1 April 2018	283,522	440,696	478,600	1,202,818
Additions	3,240	610,295	-	613,535
Disposals	-	(127,298)	-	(127,298)
At 31 March 2019	286,762	923,693	478,600	1,689,055
Additions on acquisition of subsidiaries	5,100	12,668	5,415	23,183
Additions	59,881	-	124,226	184,107
At 31 December 2019	351,743	936,361	608,241	1,896,345
Depreciation				
At 1 April 2018	147,074	168,658	259,283	575,015
Charge for the period	20,913	170,717	32,897	224,527
Eliminated on disposal	-	(52,198)	-	(52,198)
At 31 March 2019	167,987	287,177	292,180	747,344
Charge for the period	16,840	123,569	25,127	165,536
Impairment charge	34,035	44,447	106,990	185,472
At 31 December 2019	218,862	455,193	424,297	1,098,352
Net book value				
At 1 April 2018	136,448	272,038	219,317	627,803
At 31 March 2019	118,775	636,516	186,420	941,711
At 31 December 2019	132,881	481,168	183,944	797,993

Depreciation is included within administrative expenses.

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

13 Property, plant and equipment

	Plant and machinery	Motor vehicles	Fixtures and fittings & computer equipment	Total
Company	£	£	£	£
Cost				
At 1 April 2018	283,522	440,696	478,600	1,202,818
Additions	3,240	610,295	-	613,535
Disposals	-	(127,298)	-	(127,298)
At 31 March 2019	286,762	923,693	478,600	1,689,055
Additions	59,881	-	124,226	184,107
At 31 December 2019	346,643	923,693	602,826	1,873,162
Depreciation				
At 1 April 2018	147,074	168,658	259,283	575,015
Charge for the period	20,913	170,717	32,897	224,527
Eliminated on disposal	-	(52,198)	-	(52,198)
At 31 March 2019	167,987	287,177	292,180	747,344
Charge for the period	15,940	119,347	24,171	159,458
Impairment charge	29,835	36,001	102,531	168,367
At 31 December 2019	213,762	442,525	418,882	1,075,169
Net book value				
At 1 April 2018	136,448	272,038	219,317	627,803
At 31 March 2019	118,775	636,516	186,420	941,711
At 31 December 2019	132,881	481,168	183,944	797,993

Depreciation is included within administrative expenses.

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

14 Subsidiaries

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

Name of subsidiary	Company Number	Principal activity
Factory Flooring Outlet Ltd (100% subsidiary of Heatseam Ltd)	11189053	Wholesale distribution of floor coverings and associated products until 31 December 2019. Dormant from 1 January 2020.

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

Factory Flooring Outlet Ltd is exempt from producing audited financial statements under S479A of the Companies Act 2006. Heatseam Limited has given a guarantee under S479C of the Companies Act 2006 in respect of Factory Flooring Outlet Ltd for the period ended 31 December 2020.

On 18 April 2019, the Company purchased 100% of the share capital of Factory Flooring Outlet Ltd, for consideration of £Nil.

15 Inventories

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Finished goods and goods for resale	4,908,535	4,681,815	4,908,535	4,681,815
	4,908,535	4,681,815	4,908,535	4,681,815

	period ended 31 December 2019	period ended 31 March 2019	period ended 31 December 2019	period ended 31 March 2019
	£	£	£	£
Amounts of inventories recognised as an expense during the period/year as cost of sales are:	13,080,995	15,320,701	13,050,956	15,320,701
Amounts of inventories impaired during the period/year are:	423,590	-	423,590	-

16 Leases (Group and Company)

Right of use assets

Consolidated	Buildings £	Other £	Total £
Cost			
At 1 April 2018	-	-	-
At 31 March 2019	-	-	-
On transition to IFRS16	802,348	198,266	1,000,614
Additions	195,550	180,897	376,447
At 31 December 2019	997,898	379,163	1,377,061
Depreciation			
At 1 April 2018	-	-	-
At 31 March 2019	-	-	-
On transition to IFRS16	454,215	66,341	520,556
Charge for the period	189,746	80,850	270,596
At 31 December 2019	643,961	147,191	791,152
Net book value			
At 1 April 2018	-	-	-
At 31 March 2019	-	-	-
At 31 December 2019	353,937	231,972	585,909

The Group leases several assets including buildings, plant and motor vehicles. The average term of lease for motor vehicles is 3.5 years and for buildings is 5 years.

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

The maturity analysis of lease liabilities is presented in note 20.

Amounts recognised in profit and loss	Consolidated 31 December 2019 £	Consolidated 31 March 2019 £	Company 31 December 2019 £	Company 31 March 2019 £
Depreciation expense on right-of-use assets	270,596	-	270,596	-
Interest expense on lease liabilities	9,159	-	9,159	-
	279,755	-	279,755	-

17 Trade and other receivables

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Trade receivables	2,993,555	2,052,307	2,993,555	2,052,307
Loss allowance	(30,910)	-	(30,910)	-
Amounts owed by group undertakings	93,457	351	93,357	351
Other receivables	118,127	157,987	118,127	157,987
Prepayments	250,966	2,860	250,966	2,860
	3,425,195	2,213,505	3,425,095	2,213,505

All of the above amounts are financial assets of the Group and parent company except certain prepayments.

The directors consider the carrying value of trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £30,910 (31 March 2019: £Nil).

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

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

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

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

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
Not more than 30 days	1,113,066	1,147,088	1,113,066	1,147,088
More than 30 days but not more than 60 days	1,053,195	507,104	1,053,195	507,104
More than 60 days but not more than 90 days	437,015	209,424	437,015	209,424
More than 90 days but not more than 120 days	390,279	188,691	390,279	188,691
More than 120 days	-	-	-	-
Loss allowance	(30,910)	-	(30,910)	-
	2,962,645	2,052,307	2,962,645	2,052,307

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

	31 December 2019	%	ECL
More than 90 days but not more than 120 days	390,279	5%	19,514
More than 120 days	-	50%	-
Additional loss allowance for likely credit losses	-		11,396
Total	390,279		30,910

Reconciliation of ECL allowance balance:

	£
Balance at 1 January	-
ECL allowance charged to profit or loss	30,910
	30,910

18 **Cash and cash equivalents**

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Cash at bank and in hand	153,823	64,950	153,823	64,950
	153,823	64,950	153,823	64,950

19 Trade and other payables

	Consolidated		Company	
		As restated		As restated
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Trade payables	4,665,343	2,410,837	4,665,343	2,410,837
Amounts owed to group undertakings	53,835	-	53,835	-
Corporation tax	-	189,169	-	189,169
Other taxation and social security	453,192	453,769	453,192	453,769
Other payables	37,364	39,521	37,364	39,521
Accruals and deferred income	290,489	320,966	290,489	320,966
	5,500,223	3,414,262	5,500,223	3,414,262

Trade creditors 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.

Accruals have been restated as at 31 March 2019 to increase the balance by £123,598 due to additional rates payments due. This has resulted in an increase in administrative expenses of £123,598 for the year ended 31 March 2019.

20 Lease liabilities

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Maturity analysis:				
Year 1	503,472	160,886	503,472	160,886
Year 2	260,218	134,219	260,218	134,219
Year 3	166,662	106,042	166,662	106,042
Year 4	66,699	99,262	66,699	99,262
Year 5	685	30,672	685	30,672
	997,736	531,081	997,736	531,081
Analysed as:				
Non current	494,264	370,195	494,264	370,195
Current	503,472	160,886	503,472	160,886
	997,736	531,081	997,736	531,081

21 Borrowings

	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Current borrowings - Secured				
Bank overdrafts	127,639	-	127,639	-
Bank loans	-	19,744	-	19,744
	127,639	19,744	127,639	19,744

This loan was at a floating interest rate and exposed the Group to fair value interest rate risk.
There were no defaults of the loan during the period.

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

22 Financial Instruments

Classification of financial instruments

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

Financial assets

	Financial assets at amortised cost			
	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
		£	£	
Trade receivables	2,962,645	2,052,307	2,962,645	2,052,307
Amounts owed by group undertakings	93,457	351	93,357	351
Other receivables	118,127	157,987	118,127	157,987
Cash and cash equivalents	153,823	64,950	153,823	64,950
	3,328,052	2,275,595	3,327,952	2,275,595

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

22 Financial instruments *(continued)*

Financial liabilities

	Measured at amortised cost			
	Consolidated		Company	
	31 December 2019	31 March 2019	31 December 2019	31 March 2019
	£	£	£	£
Current				
Trade payables	4,665,343	2,410,837	4,665,343	2,410,837
Amounts owed to group undertakings	53,835	-	53,835	-
Other payables	37,364	39,521	37,364	39,521
Accruals	290,489	320,966	290,489	320,966
Bank loans - current	-	19,744	-	19,744
	5,047,031	2,791,068	5,047,031	2,791,068

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.

23 Financial instrument risk exposure and management

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

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

Credit risk

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

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. 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 17 above.

The group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2019 reporting date this amounts to £3,328,052 (31 March 2019: £2,275,595).

Interest rate risk

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

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

Foreign exchange risk

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

The wider Likewise Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk.

Liquidity risk

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

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

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

At 31 March 2019

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	2,410,837	2,410,837	-	-	-	-
Other taxation and social security	453,769	-	453,769	-	-	-
Other payables	39,521	39,521	-	-	-	-
Accruals	320,966	-	320,966	-	-	-
Bank loans	19,744		19,744			
	3,244,837	2,450,358	794,479	-	-	-

At 31 December 2019

	Total	On demand	Within 3 months	3 - 12 months	1-2 years	Greater than 2 years
	£	£	£	£	£	£
Trade payables	4,665,343	4,665,343	-	-	-	-
Other taxation and social security	453,192	-	453,192	-	-	-
Other payables	37,364	37,364	-	-	-	-
Accruals	290,489	-	290,489	-	-	-
Lease liabilities	1,046,640	-	139,395	380,954	274,512	251,779
	6,493,028	4,702,707	883,076	380,954	274,512	251,779

24 Capital management

The Group's capital management objectives are:

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

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

	31 December 2019	31 March 2019
	£	£
Equity	3,131,434	3,818,711
Borrowings	127,639	19,744
Cash and cash equivalents	(153,823)	(64,950)
	3,105,250	3,773,505

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 adjusting the level of debt. The Group is not subject to any externally imposed capital requirements.

25 Share capital

Consolidated and Company **Allotted, called up and fully paid**	31 December 2019	31 March 2019
	No.	No.
Ordinary shares of £1 each (31 March 2019: Ordinary shares of £1 each)	2	2

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

26 Operating leases

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

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

Group and Company	Plant and equipment 31 December 2019	Plant and equipment 31 March 2019
	£	£
Not later than 1 year	-	9,141
Later than 1 year and not later than 5 years	-	3,809
	-	12,950

27 Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £45,186 (31 March 2019: £68,974). Contributions totalling £18,240 (31 March 2019: £Nil) were payable to the fund at the reporting date and are included within creditors.

28 Business combination

On 18 April 2019, the Company acquired the entire issued share capital of Factory Flooring Outlet Ltd, a wholesale distributor of floor coverings and associated products, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £Nil was paid on completion.

Fair value of identifiable assets acquired and liabilities assumed

	Factory Flooring Outlet Ltd
	£
Tangible assets	23,183
Stocks	61,822
Debtors	124,911
Cash	38,695
Total assets	248,611
Creditors due within one year	(460,815)
Total identifiable net liabilities	(212,204)
Goodwill	212,204
Total purchase consideration	-

The goodwill is a reflection of the benefit the acquisition will have on the wider Group by offering greater geographic coverage and providing the opportunity to expand this further than is currently the case. The acquisition will benefit from the collective group marketing and the enhanced product range available to all group companies. Ultimately this will enable the acquired business 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.

Factory Flooring Outlet Ltd contributed £634,750 revenue and a loss of £65,682 to the Group's profit for the period between the date of acquisition and the reporting date.

29 Related party transactions

The following advances and credits to directors subsisted during the period in the Group and Company:

	period ended 31 December 2019 £	year ended 31 March 2019 £
S J Toomes and G A Toomes		
Balance outstanding at start of period	(100,000)	(67,574)
Amounts advanced	-	340,000
Amounts repaid	100,000	(372,426)
Balance outstanding at end of period	-	(100,000)

30 Share-based payments

Equity settled share option plan

Likewise Group Plc, the parent 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 in Likewise Group Plc. There are no performance criteria for the SAYE and options are issued to participants in accordance with HMRC rules. Vesting is conditional on continuity of service.

During the year 774,273 options were issued at a option price of £0.10 per share. The remaining contractual life of the options is approximately 5 years. No options were exercised in the period.

In addition, the Company granted 2,100,000 share options in Likewise Group Plc to management in the year under Enterprise Management Incentives (EMIs) at a weighted average option price of £0.32 per share. The remaining contractual life of the options is approximately 5 years. No options were exercised in the period.

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 £19,208 for the period.

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

31 Ultimate controlling party

The Company is a wholly owned subsidiary of Likewise Group Plc, a company incorporated in England who produce consolidated financial statements for the Group. The ultimate parent company's registered office is Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, England, B61 0GD.

32 **Reserves**

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

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

33 **Post balance sheet events**

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

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

34 **First time adoption of IFRS**

	As previously stated 1 April 2018 £	Effect of transition 1 April 2018 £	IFRS (as restated) 1 April 2018 £
Fixed assets	627,803	-	627,803
Current assets	6,015,310	-	6,015,310
Current creditors	(3,413,356)	-	(3,413,356)
Net current assets	2,601,954	-	2,601,954
Total assets less current liabilities	3,229,757	-	3,229,757
Provisions for liabilities	(100,673)	-	(100,673)
Non-current creditors	(61,476)	-	(61,476)
Net assets	3,067,608	-	3,067,608
Capital and reserves	3,067,608	-	3,067,608

	As previously stated 31 March 2019 £	Prior period FRS 102 Adjustment £	Effect of transition 31 March 2019 £	IFRS (as restated) 31 March 2019
Fixed assets	941,711	-	-	941,711
Current assets	6,960,270	-	-	6,960,270
Current creditors	(3,471,294)	(123,598)	-	(3,594,892)
Net current assets	3,488,976	(123,598)	-	3,488,976
Total assets less current liabilities	4,430,687	(123,598)	-	4,430,687
Provisions for liabilities	(118,183)	-	-	(118,183)
Non-current creditors	(370,195)	-	-	(370,195)
Net assets	3,942,309	(123,598)	-	3,818,711
Capital and reserves	3,942,309	(123,598)	-	3,818,711

34 First time adoption of IFRS (continued)

	As previously stated 31 March 2019 £	*Effect of transition 31 March 2019 £*	*Prior period FRS 102 Adjustment £*	*IFRS (as restated) 31 March 2019 £*
Turnover	*20,391,926*	-	-	**20,391,926**
Cost of sales	*(15,320,701)*	-	-	**(15,320,701)**
Gross Profit	*5,071,225*	-	-	**5,071,225**
Distribution expenses	*(949,447)*	-	-	**(949,447)**
Administrative expenses	*(2,998,448)*	-	*(123,598)*	**(3,122,046)**
Operating profit	*1,123,330*	-	-	**999,732**
Interest receivable and similar income	*26*	-	-	**26**
Interest payable and similar expenses	*(41,976)*	-	-	**(41,976)**
Taxation	*(206,679)*	-	-	**(206,679)**
Profit on ordinary activities after taxation and for the financial year	*874,701*	-	-	**751,103**