RNS Number : 5067Z
Likewise Group PLC
16 May 2023

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Likewise Group plc

("Likewise" or the "Group")

Audited Final Results for the year ended 31 December 2022

104.4% sales growth and underlying profit increased 84.8%

Likewise Group plc (AIM:LIKE), the fast growing UK floor coverings distributor, announces its audited Final Results for the year ended 31 December 2022 ("FY22" or the "Period").

FY22 Summary Highlights

- Sales increased 104.4% to £123.6 million (FY21: £60.5 million)
- Underlying profit before tax increased 84.8% to £2.56 million (FY21: £1.38 million)
- Proposed maiden final dividend of 0.2 pence per ordinary share
- Net assets increased to £39.1 million (FY21: £22.4 million)
- Net debt as at 31 December 2022 was £0.1 million (FY21: Net cash of £4.3 million)
- Gross cash was £5.9 million as at 31 December 2022 (FY21: £8.4 million)
- Distribution capability increased to c.15 million cubic feet (FY21: c.8 million cubic feet)
- Continued investment into Sales and Marketing initiatives

Chairman and Chief Executive Statement

Likewise is pleased to announce that total Revenue for year ending 31 December 2022 was £123.6 million, an increase of 104.4% on the previous year.

This was a combination of organic growth of 25.7% and the contribution of the two acquisitions during 2022, Valley Wholesale Carpets Limited ("Valley") and Delta Carpets Limited ("Delta").

Total Revenue for the first four months of 2023 has shown a further increase of 17.8% over the corresponding period last year, reflecting strong performance against macro-economic headwinds.

Underlying Profit Before Tax for 2022 is £2.56 million an increase of 84.8% on the previous year.

The Group has developed a strong Balance Sheet with Net Assets of £39.1 million including Freehold Property of £22.3 million as at 31 December 2022.

The Group is now clearly established as a leading company in the UK floor covering industry and is well on target to achieve its medium-term targets.

The organic growth of the Likewise Branded Businesses of 25.7% in 2022, followed by a further 23.5% in the first four months of 2023, has been achieved through a significant increase in market presence through substantial investment in Point of Sales Displays and Sampling, combined with the ongoing development of Sales Teams throughout the UK.

This has also culminated in the number of Active Customer Accounts increasing by 27.1%. Furthermore, the Business to Business Website is being utilised by customers placing orders at any time.

The acquisition of Valley in January 2022 was a very important step for the Group. Valley performed particularly well during the year and is an important contributor to profitability and cash flow. Ongoing investment in Erith, the extension to the Derby Distribution Centre and commencing operations from the previously unused Newport Distribution Centre, will all contribute to the ongoing development of Valley as the geographical reach extends to South Wales and the South West of England.

To support the Sales Development in the Likewise Branded Businesses there has been significant investment over the last two years in the distribution infrastructure. In January 2021, the Distribution Hub in Leeds was established to provide logistics support to all of Likewise Floors.

In January 2022, Likewise North East moved into larger premises in Newcastle. During H2 2021 the Group took possession of the Birmingham Distribution Hub which became fully operational, creating Likewise Midlands during 2022. In July 2022 Likewise South was established in Newbury.

Investment in the distribution infrastructure has continued into the current year as Likewise London and Floors by Lewis Abbott moved into a much improved facility in Sidcup in January 2023. Additionally, Likewise Scotland is moving into a new High Bay Distribution Hub during June 2023 which will significantly enlarge the capacity for both Scotland and England.

Focus continues to be on relocating A&A in Manchester. Whilst this has been ongoing for some time, we are optimistic of finding a suitable location for the business to relocate to. This is the final piece in this stage of the Group's logistics development.

With the extensive investment above, the Group has created the logistics capability to double its current cutting capacity for Carpet, Residential Vinyl and Artificial Grass. This is consistent with the Group's aspirations to create a business with Revenue well in excess of £200 million.

As previously stated, Likewise has recently become a key funding partner of Carpet Recycling UK, reflecting the Group's contribution to the floor covering industry combined with the wider environmental responsibilities. The Group is also investing in initiatives to recycle Cardboard and Polythene in addition to 73% of the Company's fleet of cars being Electric or Hybrid. The Group will continue to examine opportunities to improve its ESG credentials.

Dividend

The Board proposes a Final Dividend payment of 0.2 pence per ordinary share. This is consistent with the previous 2022 Interim Dividend, which as previously announced, was reflective of the financial performance in 2021. Shareholders can also take advantage of the Dividend Reinvestment Plan ("DRIP") by registering their intentions with the Company's registrar by 16 June 2023.

The final dividend, if approved by shareholders at the AGM, will be paid on 7 July 2023 to shareholders on the register at the close of business on 2 June 2023, the ex-dividend date being 1 June 2023.

Outlook

The Group has established a comprehensive infrastructure over the last two years and, with the ongoing investment in Sales and Marketing, is well placed to continue to increase market share. This has been clearly evident since 2020 and continues into 2023.

The first four months of 2023 have been positive and the Board is confident that the experienced Management, combined with strong Sales Teams and all our Staff, will contribute to the ongoing development and success of the Group. Revenue for the first four months of 2023 has shown a further increase of 17.8% over the corresponding period last year, and the Group remains in line with the current market consensus.

Tony Brewer, Chief Executive of Likewise Group plc, said:

"The Group has made a positive start to the first four months of 2023 and in market conditions which continue to be challenging, has undoubtedly gained market share.

This has been achieved through continually increasing market presence and the success of our experienced Sales Teams throughout the UK, supported by the logistics infrastructure being established.

We would like to thank all of our Suppliers, Customers, Management, Staff and Shareholders for their ongoing support and huge contribution to the ongoing development of Likewise.

We continue to be very optimistic in achieving our medium-term objectives."

For further information, please contact:

Likewise Group plc Tel: 0121 817 2900

Tony Brewer, Chief Executive

Roy Povey, Chief Financial Officer

Zeus (Nominated Adviser & Joint Broker) Tel: 0203 829 5000

Jordan Warburton / David Foreman / James Edis (Investment Banking)

Dominic King (Corporate Broking)

Ravenscroft Consultancy & Listing Services Limited (Joint Broker) Tel: 01481 732746

Semelia Hamon (Corporate Finance)

Novella Communications (Financial PR) Tel: 0203 151 7008

Claire de Groot / Tim Robertson

CAUTIONARY STATEMENT

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Group, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Group. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation.

STRATEGIC REPORT

Business Overview

Likewise Group Plc is a distributor of floorcoverings and mattings and has the opportunity to become one of the UK's largest distributors in this sector, utilising the expertise and industry knowledge of the Board, Executive Board and Operational Management. Management believe this can be achieved through a mixture of organic growth, operational leverage and where appropriate, acquisitions.

The Group has grown rapidly in 2022 with the addition of the newly acquired Valley Wholesale Carpets completed in January 2022 and Delta Carpets in April 2022. The acquisition of Valley Wholesale Carpets was a particularly important strategic step for Likewise. Valley continues to operate from its sites in Erith, Derby and Newport.

The acquisition of Delta Carpets in April 2022 confirmed the Group's intention to bring bolt on opportunities into the infrastructure being established. Having transferred to the Leeds distribution hub, the Delta Carpets business is now fully integrated and successfully operating as a division of Likewise Floors.

The Group's Distribution Hubs in Glasgow, Leeds, Birmingham and Sudbury, Manchester Distribution Centre, plus Facilities in Newcastle, Newbury and Sidcup in addition to the Valley Network in Erith, Derby and Newport totalling 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. 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 £60.5m in 2021 to £123.6m for the year ended December 2022.

Following the restructure of the Group at the start of 2022, with the exception of Valley, all of the operating businesses trade as divisions of Likewise Floors Limited. These businesses continue to gain traction in their local markets.

Valley Wholesale Carpets Limited, acquired in January 2022, has performed to original expectations in an undoubtedly challenging market and we are therefore very pleased with the contribution from Valley to sales and profitability. The Valley logistics network, with its main distribution hub in Erith, is now enhanced by extra storage and cutting capacity in Derby, in addition to the previously unused centre in Newport commencing operations in November 2022.

Likewise Floors which now trades from the national distribution hub in Leeds is a critical part of the Group's logistics network and continues to be a key component in supplying the wider Group. Delta Carpets, acquired in April 2022 is now fully integrated into the Leeds hub and is able to call upon the benefits that come with being part of a larger business.

Likewise Midlands is now fully operational from the distribution hub in Birmingham. From this location the Group is able to supply both North and South, providing vital support to smaller logistics centres. The sales team operating from Birmingham continue to increase the Group's market presence by focusing on the key strengths of the Group, developing strong customer relationships and providing great products, service and value for our customers.

Likewise South, which opened in Newbury in July 2022, continues to grow its presence in the south of England with future development already planned. Investment in initial start-up costs for the business amounts to £0.497m in the period.

Likewise London and Floors by Lewis Abbott have now relocated to a newly refurbished 12,000 square feet logistics centre in Sidcup. This will enable the business to provide an improved service to existing customers and to develop additional business with customers in the South East of England.

A&A in Manchester continues to trade from its original premises. The board is committed to sourcing a more suitable distribution centre to fit with the Group's medium-term objectives and to support the increased potential of the A&A brand.

The new facility in Glasgow for Likewise Scotland will enhance the Group's presence in Scotland and with the committed capital investment, the operational capacity of the Group will be greatly enhanced. The business is expected to be fully operational from this location from June 2023.

Overall, the Group continues to expand its presence in all areas, both with product and geographically. The board now consider that the logistics capability that has been created can support the Group's medium-term aspirations to have a business with revenue in excess of £200 million.

Business strategy

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

As with the acquisition of Valley and Delta in 2022, where the board consider future acquisitions, they will focus around increasing the scale and operational reach of the Group into new regions and consolidate the Group's overall market position.

The Group has made significant progress in the last two years through investment in the infrastructure, with new operations being established in Leeds, Newcastle, Birmingham, Newbury and Sidcup. The new site in Glasgow, having been completed in November 2022 is currently being fitted out and is expected to be operational from June 2023. Negotiations for a new development to relocate A&A in Manchester are continuing and the board are hopeful of a resolution in the next few months.

In conjunction with the investment in logistics capacity the Group has also made significant progress in enlarging the sales team and increased point of sale displays to expand and create a much greater market presence. In addition to the normal level of cost for sampling, the Group has recorded exceptional stand, display and point of sale cost of £0.486 million in the year to December 2022. As previously stated, the board and operational management are very focused on delivering the appropriate return on this investment to both secure additional profitability and importantly further investment to accelerate future growth.

Market and competition

The floorcovering market is made up of manufacturers, distributors, retailers and installers. It is the strategy of Likewise to become a national distributor in this 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, operating profit and operating cash flow. The Board 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 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:

Currency: £m	**Year ended 31 December 2022**	**Year ended 31 December 2021 (as restated**)**	**Increase%**
Revenue	123.6	60.5	104.4%
Adjusted profit before tax	2.6	1.4**	84.8%
Operating cash flow	(1.3)	(0.3)	(342.3%)

The above adjusted operating profit/(loss) before tax figure is stated after adding back:

Currency: £m	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Acquisition fees & related costs	2.3	-
Loss from new operations*	0.5	0.7
Exceptional investment in point of sale	0.5	-
Amortisation of intangibles	0.4	0.3
Share based payments	0.3	0.1
AIM listing costs	-	0.4
Impact of IFRS 16**	-	0.2
Restructuring costs	-	0.1

*Losses from new operations relate to costs incurred in the initial start-up phase of Likewise Midlands in 2021 and Likewise South in 2022 whilst the business is in its initial development phase to generate returns.

**In 2021, management considered the impact of the IFRS 16 reporting standard for leases as an adjustment required in determining their adjusted profit before tax figure as a key performance indicator of the business. Had the adjusted profit before tax figure been shown consistent with the 2021 disclosure, this would have led to a reported adjusted profit before tax of £3.1m.

The Board additionally monitors the square footage of available warehouse space as a non-financial KPI. The warehouse capacity as at 31 December 2022 was 519,000 square feet[1] (2021 300,000 square feet).

[1] Includes new facilities in Glasgow and Sidcup.

The following tables show a reconciliation of the adjusted results.

Currency: £m	2022			2021*		
	Underlying	**Non-underlying****	**Total**	**Underlying**	**Non-underlying****	**Total**
Revenue	123.6	-	123.6	60.5	-	60.5
Cost of sales	(86.7)	(0.5)	(87.2)	(42.4)	-	(42.4)
Gross profit	**37.0**	**(0.5)**	**36.5**	**18.1**	**-**	**18.1**
Other operating income	-	-	-	0.2	-	0.2
Admin costs	(16.3)	(2.7)	(19.0)	(9.5)	(1.5)	(11.1)
Distribution costs	(17.0)	-	(17.0)	(7.1)	-	(7.1)
Impairment loses on trade receivables	(0.2)	-	(0.2)	(0.0)	-	(0.0)
Profit/(loss) from operations	**3.4**	**(2.7)**	**0.2**	**1.7**	**(1.5)**	**0.2**
Finance income	0.0	-	0.0	0.0	-	0.0
Finance costs	(0.8)	-	(0.8)	(0.4)	(0.1)	(0.4)
Loss on revaluation	-	(0.8)	(0.8)			
Profit/(loss) before tax	**2.6**	**(3.9)**	**(1.3)**	**1.4**	**(1.6)**	**(0.2)**
Taxation	0.6	-	0.6	0.1	-	0.1
Profit/(loss) for the year	**3.1**	**(3.9)**	**(0.8)**	**1.5**	**(1.6)**	**(0.1)**

* As restated to align treatment with that of the year-end financial statements

*As restated to align treatment with that of the year-end financial statements.

**Non-underlying values are exceptional items, which include share based payment transactions, acquisition costs,

amortisation of acquisition intangibles and strategic project costs. Adjusted results are non-GAAP metrics used by

management and are not an IFRS disclosure. Details of these charges can be seen in note 7 in the accounts below.

Financial Results and Dividend

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

An interim dividend of 0.2 pence per ordinary share was paid on 8 July 2022 to shareholders on the register as at 6 June 2022. Whilst this was an FY22 interim dividend, the payment reflected the financial performance in FY21 but could not be paid as a final dividend until the capital restructure had been completed.

The directors propose to pay a final dividend of 0.2 pence per ordinary share in respect of the financial year ended 31 December 2022. This to be subject to shareholder approval at the forthcoming AGM.

If approved, the total dividend payable for 2022 will be 0.4 pence per ordinary share, albeit noting the interim dividend related to the financial performance in FY21.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	**2022** £	*2021* £
Revenue	5	**123,642,673**	*60,490,559*
Cost of sales		**(87,172,444)**	*(42,350,337)*
Gross profit		**36,470,229**	*18,140,222*
Other operating income	6	**-**	*212,183*
Administrative expenses		**(18,969,610)**	*(11,061,598)*
Distribution expenses		**(17,038,557)**	*(7,050,344)*
Impairment losses on trade receivables		**(238,201)**	*(42,241)*
Profit from operations		**223,861**	*198,222*
Finance income		**5,043**	*173*
Finance expense		**(796,843)**	*(425,277)*
Loss on revaluation of consideration on acquisition		**(846,380)**	-
Loss before tax		**(1,414,319)**	*(226,882)*
Taxation	11	**578,015**	*81,459*
Loss for the year		**(836,304)**	*(145,423)*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	14	**309,957**	*1,802,257*
Actuarial loss on defined benefit schemes	33	**(5,000)**	*(20,000)*
Deferred tax on revaluation	11	**-**	*(471,901)*
		304,957	*1,310,356*
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising in relation to translation of foreign operations		**16,138**	*(17,222)*

Total comprehensive income	**(515,209)**	*1,147,711*

The total basic loss per share attributable to the ordinary equity holders of the Company was 0.3p (2021 loss of 0.1p). The total diluted loss per share attributable to the ordinary equity holders of the Company was 0.3p (2021 loss of 0.1p).

Consolidated statement of financial position as at 31 December 2022

	Note	2022 £	*2021 £*
Assets			
Non current assets			
Property, plant and equipment	14	**47,300,221**	*19,718,721*
Other intangible assets	15	**4,208,884**	*3,520,997*
Goodwill	16	**5,624,284**	*4,216,728*
Trade and other receivables	19	**-**	*136,848*
		57,133,389	*27,593,294*
Current assets			
Inventories	18	**18,388,527**	*10,256,740*
Trade and other receivables	19	**15,573,303**	*9,775,075*
Cash and cash equivalents	20	**5,913,155**	*8,447,550*
		39,874,985	*28,479,365*
Total assets		**97,008,374**	*56,072,659*
Liabilities			
Non current liabilities			
Trade and other liabilities	21	**4,380,365**	-
Loans and borrowings	22	**20,222,050**	*12,129,444*
Deferred tax liability	11	**2,496,677**	*1,404,650*
		27,099,092	*13,534,094*
Current liabilities			
Trade and other liabilities	21	**22,970,426**	*15,802,034*
Loans and borrowings	22	**7,777,512**	*4,179,892*
Provisions	25	**50,075**	*202,676*
		30,798,013	*20,184,602*
Total liabilities		**57,897,105**	*33,718,696*
Net assets		**39,111,269**	*22,353,963*
Share capital	28	**2,438,360**	*1,923,742*
Share premium	29	**17,384,625**	*22,458,816*
Share option reserve	34	**628,454**	*308,776*
Revaluation reserve		**2,662,384**	*2,406,127*
Foreign exchange reserve		**(40,487)**	*(56,625)*
Warrant reserve		**128,170**	*128,170*
Retained earnings		**15,909,763**	*(4,815,043)*
Total equity		**39,111,269**	*22,353,963*

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital	Share premium	Share option reserve	Revaluation reserve	Foreign exchange reserve	Warrant reserve
	£	£	£	£	£	£
At 1 January 2022	1,923,742	22,458,816	308,776	2,406,127	(56,625)	128,170
Loss for the year	-	-	-	-	-	-
Other comprehensive income (see note 32)	-	-	-	256,257	16,138	-
Total comprehensive income for the year	-	-	-	256,257	16,138	-
Dividends	-	-	-	-	-	-
Issue of share capital	512,143	17,425,358	-	-	-	-
Shares options exercised	2,475	22,550	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Reduction in share premium	-	(22,000,000)	-	-	-	-
Share issue costs	-	(522,099)	-	-	-	-
Share options	-	-	319,678	-	-	-
Total contributions by and distributions to owners	514,618	(5,074,191)	319,678	-	-	-
At 31 December 2022	**2,438,360**	**17,384,625**	**628,454**	**2,662,384**	**(40,487)**	**128,170**

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital	Share premium account	Share option reserve	Revaluation reserve	Foreign exchange reserve	Warrant reserve
	£	£	£	£	£	£
At 1 January 2021	1,523,420	13,389,295	159,566	1,094,771	(39,403)	128,170
Loss for the year	-	-	-	-	-	-
Other comprehensive income (see note 32)	-	-	-	1,311,356	(17,222)	-
Total comprehensive income for the year	-	-	-	1,311,356	(17,222)	-
Issue of share capital	400,000	9,600,000	-	-	-	-
Share options exercised	322	2,898	-	-	-	-
Share issue costs	-	(533,377)	-	-	-	-
Share options	-	-	149,210	-	-	-
Total contributions by and distributions to owners	400,322	9,069,521	149,210	-	-	-
At 31 December 2021	**1,923,742**	**22,458,816**	**308,776**	**2,406,127**	**(56,625)**	**128,170**

Consolidated statement of cash flows for the year ended 31 December 2022

		2022	2
		£	
Cash flows from operating activities			
Loss for the year		**(836,304)**	*(145,*
Adjustments for			
Depreciation and amortisation		**3,633,356**	*2,121*
Impairment of property, plant and equipment		**-**	*147*
Revaluation of consideration		**846,380**	
Taxation		**(578,015)**	*(81,*
Finance income		**(5,043)**	*(*
Finance costs		**796,843**	*425*
Gain on sale of property, plant and equipment		**(35,193)**	*(22,*
Pension contributions		**(5,000)**	*(20,*
AIM listing costs		**-**	*352*
Decrease in provisions		**(152,601)**	*(180,*
Share options issued		**319,678**	*149*
Net foreign exchange loss/(gain)		**15,429**	*(15,*
		3,999,530	*2,730*
Movements in working capital:			
Increase in trade and other receivables		**(3,624,487)**	*(2,132,*
Increase in inventories		**(4,437,276)**	*(2,700,*
Increase in trade and other payables		**3,249,449**	*1,802*
Cash used in operations		**(812,784)**	*(299,*
Corporation taxes paid		**(514,040)**	
Net cash used in operating activities		**(1,326,824)**	*(299,*
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	37	**(13,541,050)**	
Purchases of property, plant and equipment		**(2,001,322)**	*(1,593,*
Proceeds from disposal of property, plant and equipment		**76,424**	*27*
Deferred consideration paid		**-**	*(1,480,*
Interest received		**5,043**	
Net cash used in investing activities		**(15,460,905)**	*(3,046,*
Cash flows from financing activities			
Interest paid		**(225,834)**	*(425,*
Consideration for new shares		**16,025,026**	*10,003*
Costs of share issue and AIM listing		**(522,099)**	*(885,*
Repayment of lease liabilities		**(2,448,536)**	*(886,*
Increase in invoice discounting		**2,029,473**	*1,266*
Repayment of loans		**(117,106)**	*(99,*

Dividends paid to the holders of the parent	13	**(487,590)**	
Net cash from financing activities		**14,253,334**	*8,972*
Net cash (decrease)/increase in cash and cash equivalents		**(2,534,395)**	*5,626*
Cash and cash equivalents at the beginning of year		**8,447,550**	*2,820*
Cash and cash equivalents at the end of the year		**5,913,155**	*8,447*

Cash and cash equivalents at 31 December 2022 of £5,913,155 (2021 £8,447,550) comprised of cash and cash equivalents of £5,913,155 (2021 £8,447,550) less bank overdrafts of £Nil (2021 £Nil).

Notes to the consolidated financial statements for the year ended 31 December 2022

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. 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.

3. Accounting policies

3.1 Going concern

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

In the prior year, the Company was admitted to the AIM stock exchange. Listing on AIM provided the Group with further funding with which to continue to invest in the organic growth of the Likewise business whilst also identifying new acquisition targets that would be earnings enhancing to the Group. The Company's admission to the AIM stock exchange also provides further awareness of the brand as well as accessibility to new institutional and private investors alike.

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 2023. 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 2024, based on 2022 actuals, 2023 budget and forecast performance for 2024. 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.

3.2 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.

3.3 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2022. 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 2022 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.

3.4 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.

3.5 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.

3.6 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% 15% 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.

3.7 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.

3.8 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.

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.

3.9 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.

3.10 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.

3.11 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.

3.12 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:

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.

3.13 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.

3.14 Foreign currency

The presentation currency for the Group's historical 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.

3.15 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

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.

3.16 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.

3.17 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.

3.18 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

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.

3.19 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 Income Statement 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.

3.20 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.

3.21 Borrowing costs

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

3.22 Share based payments

3.22 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.

3.23 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.

3.24 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 5.

3.25 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants receivable from central government under the Coronavirus Job Retention Scheme are included within other operating income in the Consolidated Statement of Profit or Loss and are not offset against the related expenses.

3.26 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.

4. 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:

Acquisition accounting balances

Assets and liabilities must be recognised at their fair value on acquisition. The identification and measurement of contingent liabilities and intangible assets are key areas of judgement. The Group's acquisition in the year along with any assumptions applied is detailed in note 37. As part of the acquisition the Group performed a purchase price allocation review and has assessed the fair value of the assets and liabilities acquired.

Contingent consideration was payable in respect of the acquisitions in the year and is calculated by reference to the Likewise Group Plc share price at the 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.

The Group recognises identifiable intangible assets acquired through business combinations, such as brands and customer relationships, at fair value on acquisition. Any excess paid over the value of net assets acquired is included as Goodwill in the balance sheet and is allocated to an appropriate business segment. Estimates are required to determine the purchase price allocation (PPA) between intangible assets and goodwill, with the fair value of intangibles sensitive to these estimates. The key estimates involved in establishing the fair vales are the future cash flows forecast for the acquired entity, inputs into appropriate valuation models and expected useful life of the assets.

Forecast cash flows are based on management's best estimate of the expected levels of trade and profits following acquisition taking into account actual results around the time of acquisition with an inflationary 1 2% growth rate applied thereafter.

The fair value of brands is based on a relief from royalty method. The brand value is sensitive to royalty rate incorporated into the model. In the absence of accessible market data regarding similar acquisitions in the market the Group have assessed the royalty rate by analysis of the linear relationships between underlying profitability and royalty rates to determine an appropriate royalty rate for each acquisition. For acquisitions during the year, the Group applied a royalty rate of 1.8% based on this analysis.

Intangible assets are amortised over their expected useful life. The annual amortisation charge and carrying value of the asset is therefore sensitive to the estimated useful life. The useful life is based on the period over which management expects to benefit from the intangible assets, based on part experience and knowledge of the business acquired.

Defined benefit pension scheme

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline index, adjusted where necessary to reflect any caps or collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. All other assumptions have been set in accordance with the statement of funding principals. No allowances have been made for members transferring benefits out of the scheme in future. The assumptions selected and associated sensitivity analysis are disclosed in note 33.

Inventory valuation

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

Valuation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in 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.

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 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. See notes 3.12 and 19 for further information.

5. 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:

	2022	*2021*
	£	*£*
Sale of goods	**123,642,673**	*60,490,559*
	123,642,673	*60,490,559*

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

	2022	*2021*

	£	£
United Kingdom	**123,432,273**	*60,254,713*
Rest of Europe	**182,417**	*225,771*
Rest of the world	**27,983**	*10,075*
	123,642,673	*60,490,559*

6. Other operating income

	2022	2021
	£	£
Government grants receivable	**-**	*212,183*
	-	*212,183*

Government grants represent income receivable from central government under the Coronavirus Job Retention Scheme to cover some of the costs of employing certain members of staff placed on furlough leave in response to the COVID 19 pandemic.

7. Operating profit

Operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of property, plant and equipment	**1,217,258**	*551,124*
Depreciation of right of use assets	**2,049,591**	*1,283,306*
Loss/(gain) on foreign exchange	**31,229**	*(38,701)*
Short term lease expense: plant	**174,539**	*127,620*
property	**150,000**	*150,000*
Amortisation of intangible assets	**366,507**	*287,428*
Share based payments	**319,678**	*149,210*
AIM listing costs	**-**	*352,142*
Restructuring costs	**-**	*98,253*
Impact of IFRS 16	**-**	*213,765*
Loss from new operations (Likewise Midlands)	**-**	*724,474*
Loss from new operations (Likewise South)	**497,968**	-
Exceptional investment in point of sale	**486,536**	-
Acquisition fees and related costs	**1,455,992**	-

In order to maximise the Group's presence in the market, accelerate further sales growth and increase market share, Likewise Floors, a subsidiary company, have accelerated investment and the roll out of various new point of sale initiatives including sample stands and lecterns including the design, development and launch of a new Likewise wall stand rolled out to customers in 2022. This development and launch cost is over and above the general marketing spend incurred and recognised within the statement of profit or loss, with this additional one off spend recognised in 2022. The Group have incurred one off costs of £486,536 in relation to this matter in the year and therefore in management's view, this warrants separate disclosure in order to provide a true and fair view of these financial statements for the reader.

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

8. Auditors' renumeration

	2022	2021
	£	£
Fees payable to the Group's auditors for the audit of the Group's financial statements	**150,000**	*105,000*
Fees payable to the Group's auditors:		
work in respect of AIM listing through profit and loss	**-**	*95,050*
work in respect of AIM listing through equity	**-**	*24,950*
taxation advisory services	**500**	-
work in respect of acquisition due diligence	**62,000**	-

9. Directors and employees

Group

	2022	2021
	£	£
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	**16,289,890**	*8,197,734*
Social security costs	**1,722,647**	*852,302*
Pension costs	**500,267**	*318,167*
Compensation for loss of office	**15,541**	*8,361*
Share based payments	**319,678**	*149,210*
	18,848,023	*9,525,774*

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 2, and other senior management.

	2022	2021
	£	£
Remuneration	**1,703,375**	*731,028*
Social security costs	**214,322**	*98,675*
Group pension contribution to defined contribution schemes	**61,350**	*61,347*
Share based payments	**82,468**	*77,367*
	2,061,515	*968,417*

As at 31 December 2022, 1,285,714 share options remained active under the Group's SAYE scheme. During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options are due to exercise between March and October 2024.

As at 31 December 2022, 5,900,000 share options remained active under the Group's EMI scheme. During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options are due to exercise in January 2024.

Group

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

	2022	2021
	No.	No.
Directors	5	4
Other employees	450	254
	455	258

	2022	2021
	£	£
Remuneration of directors		
Remuneration	939,327	298,732
Social security costs	107,188	40,037
Group pension contribution to defined contribution schemes	25,600	25,600
Share based payments	14,418	14,418
	1,086,533	378,787

In addition, fees of £Nil (2021 £83,000) were paid to non executive Directors in the year.

The highest paid director received remuneration in the year of £488,780 (2021 £145,338) and pension contributions were made of £Nil (2021 £25,600).

	2022	2021
	No.	No.
Directors accruing benefits under money purchase pension schemes	1	1
	1	1

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 are due to exercise between January and March 2024.

10. Finance income and expense

Recognised in profit or loss

	2022	2021
	£	£
Finance income		
Interest on:		
Bank deposits	-	4
Other interest receivable	5,043	169
Total finance income	5,043	173
Finance expense		
Bank loan interest payable	74,575	84,473
Interest on lease liabilities	571,009	317,913
Other interest payable	22,283	-
Invoice discounting facility interest payable	128,976	22,891
Total finance expense	796,843	425,277
Net finance expense recognised in profit or loss	(791,800)	(425,104)

11. Taxation on ordinary activities

11.1 Income tax recognised in profit or loss

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior years	(70,812)	(313,724)
Total current tax	(70,812)	(313,724)
Deferred tax		
Origination and reversal of timing differences	(699,135)	232,265
Effect of change in tax rates	191,932	-
Total deferred tax	(507,203)	232,265
Total tax credit	(578,015)	(81,459)

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

	2022	2021
	£	£
Loss for the year	(836,304)	(145,423)
Income tax credit	(578,015)	(81,459)
Loss before income taxes	(1,414,319)	(226,882)
Tax using the Company's domestic tax rate of 19% (2021:19%)	(268,721)	(43,108)
Fixed asset differences	391,971	(80,051)
Expenses not deductible for tax purposes	345,325	76,135
Adjustments to tax charge in respect of prior periods	(70,812)	(313,724)
Non taxable consolidation adjustments	(2,619)	(132,366)
Remeasurement of deferred tax	(30,975)	221,009
Movement in deferred tax not recognised	(932,774)	208,715
Other differences leading to a decrease in the tax charge	(9,410)	(18,069)
Total tax credit	(578,015)	(81,459)

Changes in tax rates and factors affecting the future tax charges

At 31 December 2022, the Group has tax losses of £11,539,175 (2021: £9,703,320) which are available for offset against future taxable profits.

11.2 Deferred tax balances

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

	2022	2021
	£	£
Deferred tax liabilities	(2,496,677)	(1,404,650)
	(2,496,677)	(1,404,650)

A deferred tax asset of £1,577,985 (2021: £1,812,747) has not been recognised in the financial statements in relation to tax losses. In addition, a deferred tax asset of £Nil (2021: £517,406) 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.

2022

	Opening balance	Recognised in profit or loss	Acquisitions/ disposals	Closing balance

	£	£	£	£
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
	(1,404,650)	507,203	(1,599,230)	(2,496,677)

2021

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	£	£	£	£
Fixed asset timing differences	(218,940)	(434,964)	-	(653,904)
Arising from business combinations	(723,601)	(156,648)	-	(880,249)
Capital gains	(31,045)	-	(471,901)	(502,946)
Short term timing differences	15,851	3,515	-	19,366
Losses and other deductions	257,251	355,832	-	613,083
	(700,484)	(232,265)	(471,901)	(1,404,650)

12. Earnings per share

(i) Basic and diluted loss per share

The total basic loss per share attributable to the ordinary equity holders of the Company was £0.003 (2021: loss of £0.001). The total diluted loss per share attributable to the ordinary equity holders of the Company was £0.003 (2021: loss of £0.001).

	2022	*2021*
	Pence	*Pence*
From continuing operations attributable to the ordinary equity holders of the Company	**(0.3)**	*(0.1)*
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(0.3)**	*(0.1)*

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

	2022	*2021*
	£	£
Loss attributable to the ordinary equity holders of the Company:		
Used in calculating basic and diluted earnings per share	**(836,304)**	*(145,423)*

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

	2022	*2021*
	Number	*Number*
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**241,979,322**	*167,273,981*
Adjustments for calculation of diluted earnings per share:		
Options	**23,640,830**	*18,945,648*
Warrants	**2,800,000**	*2,800,000*
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**268,420,152**	**189,019,629**

13. Dividends

	2022	*2021*
	£	*£*
Interim dividend of £0.002 paid per Ordinary Share in the year (2021 £Nil).	**487,590**	-
	487,590	-

The directors are proposing a final dividend of £0.002 per share (2021 £Nil). The dividend has not been accrued in the consolidated statement of financial position.

14. Property, plant and equipment

	Land and buildings freehold and long leasehold	Right of use assets - leasehold property	Leasehold improvements	Plant and machinery	Mo vehicl
	£	£	£	£	
Cost or valuation					
At 1 January 2021	4,050,000	4,680,269	114,498	612,130	613,3
Additions	-	4,888,501	184,221	876,927	49,5
Disposals	-	(451,832)	-	-	(3,9
Transfers between classes	-	-	-	444,955	
Revaluation / (impairment)	1,735,000	(140,249)	-	-	
Foreign exchange movements	-	-	-	(5,276)	(1,1
At 31 December 2021	5,785,000	8,976,689	298,719	1,928,736	657,7
Additions	517,757	8,172,355	18,692	1,543,168	202,3
Acquisition of subsidiary	15,966,907	-	-	102,981	810,2
Disposals	-	(434,574)	(10,219)	-	(105,7
Foreign exchange movements	-	-	-	-	8
At 31 December 2022	**22,269,664**	**16,714,470**	**307,192**	**3,574,885**	**1,565,4**

	Land and buildings - freehold and long leasehold	Right of use assets - leasehold property	Leasehold improvements	Plant and machinery	Motor vehicles

	£	£	£	£	£
Accumulated depreciation and impairment					
At 1 January 2021	-	781,258	1,458	110,409	256,098
Charge for the year	67,257	-	21,522	142,324	157,249
Charge for right of use assets	-	667,879	-	-	-
Disposals	-	(451,832)	-	-	(1,768)
Impairment charge	-	-	7,739	-	-
On revalued assets	(67,257)	-	-	-	-
Exchange adjustments	-	-	-	(3,998)	(1,140)
At 31 December 2021	-	997,305	30,719	248,735	410,439
Charge for the year	309,957	-	30,096	297,108	341,492
Charge for right of use assets	-	962,408	-	-	-
Transfers intra group	-	-	-	5,636	-
Disposals	-	(145,960)	(10,219)	-	(53,089)
On revalued assets	(309,957)	-	-	-	-
Exchange adjustments	-	-	-	(612)	836
At 31 December 2022	**-**	**1,813,753**	**50,596**	**550,867**	**699,678**

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 £18,742,757 (2021 £3,100,000)
Depreciation of £449,285 (2021 £193,028)
Net book value of £18,293,472 (2021 £2,906,972)

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 2022	*31 December 2021*
	£	*£*
Property, plant and equipment owned	**28,003,809**	*8,814,651*
Right of use assets	**19,296,412**	*10,904,070*
	47,300,221	**19,718,721**

Information about right of use assets is summarised below:

Net book value

	31 December 2022	*31 December 2021*
	£	*£*
Property	**14,900,717**	*7,979,384*

Property	[illegible]	[illegible]
Motor vehicles & plant and machinery	**4,395,695**	*2,924,686*
	19,296,412	*10,904,070*

Depreciation charge for the year ended

	31 December 2022	*31 December 2021*
	£	*£*
Property	**962,408**	*667,879*
Motor vehicles & plant and machinery	**1,087,183**	*615,427*
	2,049,591	*1,283,306*

14.2 Fair value measurement and Impairment

Fair value measurement

Included in land and buildings is land with a cost of £6,254,057 (2021: £687,167) 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 £15,125,000 as at 29 October 2021 by Gerald Eve LLP, independent valuers not related to the Group. These were then revalued to a total of £15,966,907 by the directors at the date of acquisition based on further valuations obtained on 13 July 2022 by BNP Paribas Real Estate, 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.

In addition, the Group holds freehold property in its subsidiary William Armes Holdings Limited which was valued at £5,785,000 as at 30 March 2022 by Savills (UK) Limited, 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, Savills (UK) Limited, 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 of land and buildings for 2022 of £309,957 (2021: £1,802,257) has been recognised within Other Comprehensive Income.

Impairment losses recognised in the year

During the prior year the Company moved the location of its head office to a new site. This resulted in an impairment of the leasehold right of use asset of £140,249.

Capital commitments

As at 31 December 2022, the Group had capital commitments totalling £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.

Floating charges previously held against assets of William Armes Limited have been supported by cross guarantees from Likewise Group Plc following the transfer of trade and assets from William Armes Limited to Likewise Floors Limited. These charges are in respect of bank loans and invoice financing arrangements of the Group.

Company

	Right of use assets - leasehold property	Leasehold improvements	Motor vehicles	Fixtures, fittings & computer equipment	Right of use assets - other	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2021	206,671	10,219	-	25,610	-	242,500
Additions	-	-	-	16,689	-	16,689
Revaluation / (impairment)	(140,249)	-	-	-	-	(140,249)

At 31 December 2021	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**

	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 2021	40,922	1,458	-	6,935	-	49,315
Charge for the year	-	1,022	-	6,560	-	7,582
Charge for right of use assets	25,500	-	-	-	-	25,500
Impairment charge	-	7,739	-	-	-	7,739
At 31 December 2021	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**
Net book value						
At 1 January 2021	165,749	8,761	-	18,675	-	193,185
At 31 December 2021	-	-	-	28,804	-	28,804
At 31 December 2022	5,423,344	-	-	26,979	37,062	5,487,385

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 2022	*31 December 2021*
	£	*£*
Property, plant and equipment owned	**26,979**	*28,804*
Right of use assets	**5,460,406**	-
	5,487,385	*28,804*

Information about right of use assets is summarised below:

Net book value

	31 December 2022	*31 December 2021*
	£	*£*
Property	**5,423,344**	**-**
Motor vehicles & plant and machinery	**37,062**	**-**
	5,460,406	**-**

During the prior year the Company moved the location of its head office to a new site. This resulted in an impairment of the leasehold right of use asset of £140,249 in the year ended 31 December 2021.

15. Intangible assets

Group

	Delta Carpets Customer base £	**Likewise Floors Customer base £**	**Delta Carpets Brandname £**	**Likewise Floors Brandname £**	**Total £**
Cost					
At 1 January 2021	-	2,122,349	-	2,189,075	4,311,424
At 31 December 2021	**-**	**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**

	Delta Carpets Customer base £	**Likewise Floors Customer base £**	**Delta Carpets Brandname £**	**Likewise Floors Brandname £**	**Total £**
Accumulated amortisation and impairment					
At 1 January 2021	-	247,607	-	255,392	502,999
Charge for the year	-	141,490	-	145,938	287,428
At 31 December 2021	-	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**
Net book value					
At 1 January 2021	-	1,874,742	-	1,933,683	3,808,425
At 31 December 2021	-	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 2022	475,158	1,591,762	500,157	1,641,807	4,208,884

The company held no other intangible assets in any period.

16. Goodwill

Group

	2022	*2021*
	£	*£*
Cost	**5,624,284**	*4,216,728*
	5,624,284	*4,216,728*

	2022	*2021*
	£	*£*
Cost		
At 1 January	**4,216,728**	*4,216,728*
Additions on acquisition of subsidiaries (see note 37)	**1,407,556**	-
At 31 December	**5,624,284**	*4,216,728*
Accumulated impairment		
At 31 December	**-**	-

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:

	2022	*2021*
	£	*£*
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**	-
Delta Carpets Limited	**1,172,692**	-
	5,624,284	*4,216,728*

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 being a discount rate of 10% and original growth rate of 1%.

Likewise Floors Limited

The break even point of goodwill for Likewise Floors Limited is at a growth level of 1.90% 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 20% 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 26% with terminal growth factor of 2%.

A. & A. Carpets Limited

The break even point of goodwill for A. & A. Carpets Limited is at a growth level of 63% with terminal growth factor of 2%.

Valley Wholesale Carpets Limited

The break even point of goodwill for Valley Wholesale Carpets Limited is at a growth level of 84.92% 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 39.68% with terminal growth factor of 2%.

17. Subsidiaries

Details of the Group's 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 (%)	
			2022	2021
1) Likewise Floors Limited	Wholesale distribution of floor coverings and associated products	Great Britain	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	Great Britain	100	-
4) Valley Wholesale Carpets Limited (100% subsidiary of Valley Wholesale Carpets (2004) Limited)	Wholesale distribution of floor coverings and associated products	Great Britain	100	-
5) Delta Carpets (Holdings) Limited (100% subsidiary of Likewise Floors Limited)	Holding company	Great Britain	100	-
6) Delta Carpets Limited (100% subsidiary of Delta Carpets (Holdings) Limited)	Dormant following transfer of trade and assets to Likewise Floors Limited	Great Britain	100	-

7) William Armes Holdings Limited	Holding company	Great Britain	100	100
8) William Armes Limited (100% subsidiary of William Armes Holdings Limited)	Dormant company	Great Britain	100	100
9) A&A Carpets Limited	Dormant company	Great Britain	100	100
10) Likewise Trading Limited	Holding company	Great Britain	100	100
11) Lewis Abbott Limited (100% subsidiary of Likewise Trading Limited)	Dormant company	Great Britain	100	100
12) Factory Flooring Outlet Ltd (100% subsidiary of Likewise Floors Limited)	Dormant company	Great Britain	100	100
13) Likewise Limited	Dormant company	Great Britain	100	100

Following acquisition, on 1 April 2022, the trade and assets of Delta Carpets Limited were transferred to Likewise Floors Limited.

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.

Company - Shares in Group undertakings

	Note	2022 £	*2021 £*
At 1 January		**11,738,831**	*12,555,774*
Additions	37	**30,158,850**	-
Impairment following transfer of trade of subsidiaries		**-**	*(891,770)*
Share options		**221,589**	*74,827*
		42,119,270	*11,738,831*

On 14 January 2022, the Company acquired the entire issued share capital of Valley Wholesale Carpets (2004) Limited and its wholly owned subsidiary for consideration of £29,971,350 see note 37 for further details.

On 1 April 2022, Likewise Floors Limited, a subsidiary of the Company, acquired the entire issued share capital of Delta Carpets (Holdings) Limited and its wholly owned subsidiary for consideration of £3,000,135. This consideration included 500,000 new £0.01 shares in Likewise Group Plc valued at £187,500 at the date of acquisition. This has been included in the additions figure above as a further investment in Likewise Floors Limited.

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

	2022	2021
	£	£
Finished goods and goods for resale	**18,388,527**	*10,256,740*
	18,388,527	*10,256,740*

	2022	2021
	£	£
Amounts of inventories recognised as an expense during the year	**87,172,444**	*42,350,337*
Amounts of inventories impaired during the year	**395,225**	*128,875*

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

19. Trade and other receivables

Group

	2022	2021
	£	£
Trade receivables	**12,007,770**	*7,639,636*
Less: provision for impairment of trade receivables	**(302,989)**	*(117,799)*
Trade receivables net	**11,704,781**	*7,521,837*
Prepayments and accrued income	**1,586,490**	*893,103*
Other receivables	**2,282,032**	*1,496,983*
Total trade and other receivables	**15,573,303**	*9,911,923*
Less: current portion trade receivables	**(11,704,781)**	*(7,521,837)*
Less: current portion prepayments and accrued income	**(1,586,490)**	*(893,103)*
Less: current portion other receivables	**(2,282,032)**	*(1,360,135)*
Total current portion	**(15,573,303)**	*(9,775,075)*
Total non current portion	**-**	*136,848*

Company

	2022	2021
	£	£
Receivables from group undertakings	**8,265,009**	*6,230,742*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**8,265,009**	*6,230,742*
Prepayments and accrued income	**72,722**	*102,376*
Other receivables	**31,205**	*11,475*
Total trade and other receivables	**8,368,936**	*6,344,593*
Less: current portion prepayments and accrued income	**(72,722)**	*(102,376)*
Less: current portion other receivables	**(31,205)**	*(11,475)*
Less: current portion receivables from related parties	**(8,265,009)**	*(6,230,742)*
Total current portion	**(8,368,936)**	*(6,344,593)*
Total non current portion	**-**	*-*

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 £302,989 (2021: £117,799).

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 2022 £	*Group 2021 £*
Not more than 30 days	**6,360,941**	*4,118,045*
More than 30 days but not more than 60 days	**3,638,050**	*2,323,728*
More than 60 days but not more than 90 days	**986,714**	*560,072*
More than 90 days but not more than 120 days	**135,723**	*176,091*
More than 120 days	**886,342**	*461,700*
Loss allowance	**(302,989)**	*(117,799)*
	11,704,781	*7,521,837*

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

	2022 £	*ECL*
More than 90 days but not more than 120 days 5% (adjusted see below)	**135,723**	*6,786*
More than 120 days 50% (adjusted for payment plans see below)	**539,632**	*269,816*
Additional loss allowance	**-**	*26,387*
	675,355	*302,989*

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

Reconciliation of ECL allowance balance	**2021 £**
Balance at 1 January	**117,799**
ECL allowance charged to profit or loss	**238,201**
Other movements	**(53,011)**
	302,989

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:

	2022	2021
	£	*£*
Factored receivables	**5,851,797**	*4,295,893*
Associated secured borrowings	**(4,389,016)**	*(2,359,543)*

20. Cash and cash equivalents

	Group	Group	Company	Company
	2022	*2021*	**2022**	*2021*
	£	*£*	**£**	*£*
Cash at bank and in hand	**5,913,155**	*8,447,550*	**689,259**	*7,077,876*
	5,913,155	*8,447,550*	**689,259**	*7,077,876*

21. Trade and other payables

Group

	2022	2021
	£	*£*
Trade payables	**18,106,217**	*13,315,768*
Other payables	**429,321**	*238,210*
Accruals	**1,727,216**	*1,398,933*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**20,262,754**	*14,952,911*
Other payables tax and social security payments	**1,707,672**	*849,123*
Deferred consideration on acquisition of subsidiaries	**5,380,365**	*-*
Total trade and other payables	**27,350,791**	*15,802,034*
Less: current portion trade payables	**(18,106,217)**	*(13,315,768)*
Less: current portion other payables	**(2,136,993)**	*(1,087,333)*
Less: current portion accruals	**(1,727,216)**	*(1,398,933)*
Less: current portion deferred consideration	**(1,000,000)**	*-*
Total current portion	**(22,970,426)**	*(15,802,034)*
Total non current position	**4,380,365**	*-*

Company

	2022	2021
	£	*£*
Trade payables	**27,657**	*126,363*
Payables to group undertakings	**9,569,537**	*1,699,865*
Other payables	**1,350**	*7,875*
Accruals	**480,257**	*140,456*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**10,078,801**	*1,974,559*
Other payables tax and social security payments	**116,772**	*58,005*
Deferred consideration on acquisition of subsidiaries	**4,984,750**	*-*
Total trade and other payables	**15,180,323**	*2,032,564*
Less: current portion trade payables	**(27,657)**	*(126,363)*
Less: current portion payables to related parties	**(9,569,537)**	*(1,699,865)*

Less: current portion other payables	**(118,122)**	*(65,880)*
Less: current portion accruals	**(480,257)**	*(140,456)*
Less: current portion deferred consideration	**(1,000,000)**	-
Total current portion	**(11,195,573)**	*(2,032,564)*
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.

Included within tax and social security payments for the Group is £Nil (2021 £71,749) relating to VAT deferred under the government's COVID 19 VAT payment deferral scheme.

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

22. Loans and borrowings

Group

	2022	2021
	£	*£*
Non current		
Bank loans secured	**1,456,025**	*1,640,563*
Lease liabilities	**18,766,025**	*10,488,881*
	20,222,050	*12,129,444*
Current		
Bank loans and invoice discounting facility	**4,595,139**	*2,498,234*
Lease liabilities	**3,182,373**	*1,681,658*
	7,777,512	*4,179,892*
Total loans and borrowings	**27,999,562**	*16,309,336*

Company

	2022	2021
	£	*£*
Non current		
Bank loans secured	**1,456,025**	*1,640,563*
Lease liabilities	**5,226,397**	-
	6,682,422	*1,640,563*
Current		
Bank loans secured	**206,123**	*138,691*
Lease liabilities	**320,191**	-
	526,314	*138,691*
Total loans and borrowings	**7,208,736**	*1,779,254*

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.

	2022	2021
	£	£
Amounts repayable under bank loans Group and Company		
Within one year	**206,123**	*138,691*
In the second to fifth year inclusive	**706,822**	*597,494*
Beyond five years	**749,203**	*1,043,069*
	1,662,148	*1,779,254*

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

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

23. Leases

Group

(i) Leases as a lease

The Group's leases include leases for buildings, plant and motor vehicles. The average lease term is 12 years for buildings and 4 years for other fixed assets.

A new leasehold distribution centre was established in July 2022 in Newbury in which the newly formed Likewise South division operates. The addition of this site led to an increase in lease liabilities of £0.9m at inception of the lease. Furthermore, new leases were entered into in Q4 2022, in relation to two new sites for Likewise Scotland and Likewise London respectively. Whilst leases were agreed in 2022, these new sites are to become operational in 2023. The new site in Scotland in particular significantly increases the footprint of the facility from the previous site to help improve logistics capacity in the North of England as well as fulfil further growth of this division. These new leases contributed additional lease liabilities of £5.5m at inception.

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:

	2022	2021
	£	£
Contractual undiscounted cash flows due		
Not later than one year	**3,357,091**	*1,814,829*
Between one year and five years	**11,018,626**	*5,947,403*
Later than five years	**15,073,388**	*6,067,895*
	29,449,105	*13,830,127*
Lease liabilities included in the Consolidated Statement of Financial Position at 31 December	**21,948,398**	*12,170,539*

Non current	**18,766,025**	*10,488,881*
Current	**3,182,373**	*1,681,658*

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

	2022	*2021*
	£	*£*
Interest expense on lease liabilities	**571,009**	*317,913*
Depreciation on lease liabilities	**2,049,591**	*1,283,306*
Impairment on lease liabilities	**-**	*140,249*
Profit on termination of lease liabilities	**(34,535)**	*(80,847)*
Expense relating to short term leases	**324,539**	*277,620*

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:

	2022	*2021*
	£	*£*
Contractual undiscounted cash flows due		
Not later than one year	**328,506**	-
Between one year and five years	**2,100,777**	-
Later than five years	**7,280,760**	-
	9,710,043	**-**
Lease liabilities included in the Company Statement of Financial Position at 31 December	**5,546,588**	-
Non current	**5,226,397**	-
Current	**320,191**	-

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

	2022	*2021*
	£	*£*
Interest expense on lease liabilities	**42,148**	*2,661*
Depreciation on lease liabilities	**92,717**	*25,500*
Impairment of lease liabilities	**-**	*140,249*
Expense relating to short term leases	**25,704**	-

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 (see note 37). The deferred consideration liability held at fair value at 31 December 2022 totalled £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 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Financial assets at amortised cost				
Trade receivables	**11,704,781**	*7,521,837*	**-**	-
Amounts owed by Group undertakings	**-**	-	**8,265,009**	*6,230,742*
Other receivables	**2,282,032**	*1,496,983*	**31,205**	*11,475*
Cash and cash equivalents	**5,913,155**	*8,447,550*	**689,259**	*7,077,876*
	19,899,968	**17,466,370**	**8,985,473**	**13,320,093**

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

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Non current financial liabilities				
Bank loans amortised cost	**1,456,025**	*1,640,563*	**1,456,025**	*1,640,563*
Deferred consideration held at fair value	**4,380,365**	-	**3,553,950**	-
	5,836,390	**1,640,563**	**5,009,975**	**1,640,563**

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Current financial liabilities at amortised cost				
Trade payables	**18,106,217**	*13,315,768*	**27,657**	*126,363*
Amounts owed to Group undertakings	**-**	-	**9,569,537**	*1,699,865*
Deferred consideration on acquisition of subsidiaries	**1,000,000**	-	**1,000,000**	-
Other payables	**429,321**	*238,210*	**1,350**	*7,875*
Accruals	**1,727,216**	*1,398,933*	**480,257**	*140,456*
Invoice discounting facility	**4,389,016**	*2,359,543*	**-**	-

Invoice discounting facility	[illegible]	[illegible]	-	-
Bank loans current	**206,123**	*138,691*	**206,123**	*138,691*
	25,857,893	**17,451,145**	**11,284,924**	**2,113,250**

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 £	Onerous lease provision £	Total £
At 1 January 2022	114,676	88,000	202,676
Utilised during the year	(64,601)	(88,000)	(152,601)
At 31 December 2022	**50,075**	**-**	**50,075**
Due within one year or less	50,075	-	50,075
	50,075	**-**	**50,075**

Company

	Onerous lease provision £
At 1 January 2022	88,000
Utilised during the year	(88,000)
At 31 December 2022	**-**

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.

The Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk. As at the 31 December 2022, the value of forward contracts held by the subsidiary companies were as follows:

Likewise Floors Limited held forward Euro contracts totalling 1,191,033 Euros (2021 618,000 Euros) and forward USD contracts totalling $299,300 (2021 $1,182,000).

These contracts crystallise between January and May 2023.

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, however interest rate risk is considered to be limited due to the low current interest rates and economic climate. The Directors have performed sensitivity analysis which shows the impact on cash flows for the coming year would be less than £0.4m even if interest rates were to rise by 5% which is considered by the Directors to be highly unlikely.

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

26.4 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 2022 reporting date this amounts to £19,899,968 (2021: £17,466,370).

26.5 Liquidity risk

Liquidity and interest risk tables

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 discounting 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.

ensure that it can meet its debt repayments as they fall due.

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

	Carrying amount	Total	1 3 months	3 12 months
	£	**£**	**£**	**£**
31 December 2022				
Trade payables	18,106,217	18,106,217	18,106,217	-
Other taxation and social security	1,707,672	1,707,672	1,707,672	-
Other payables	429,321	429,321	429,321	-
Accruals	1,727,216	1,727,216	1,727,216	-
Lease liabilities	21,948,398	29,449,105	855,576	2,501,515
Invoice discounting facility	4,389,016	4,389,016	4,389,016	-
Bank loans	1,662,148	2,293,057	53,013	159,037
Deferred consideration	5,380,365	5,380,565	1,000,000	-
	55,350,353	**63,482,169**	**28,268,031**	**2,660,552**

	Carrying amount	Total	1 3 months	3 12 months
	£	**£**	**£**	**£**
31 December 2021				
Trade payables	13,315,768	13,315,768	13,315,768	-
Other taxation and social security	849,123	849,123	849,123	-
Other payables	238,210	238,210	238,210	-
Accruals	1,398,933	1,398,933	1,398,933	-
Lease liabilities	12,170,539	13,830,127	453,707	1,361,122
Invoice discounting facility	2,359,543	2,359,543	2,359,543	-
Bank loans	1,779,254	2,086,831	47,332	141,994
	32,111,370	**34,078,535**	**18,662,616**	**1,503,116**

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:

	2022	*2021*
	£	*£*
Equity	**39,111,269**	*22,353,963*
Borrowings	**27,999,562**	*16,309,336*
Cash and cash equivalents	**(5,913,155)**	*(8,447,550)*
	61,197,676	**30,215,749**

28. Share capital

Consolidated and Company

Authorised

	2022 Number	2022 £
Shares treated as equity		
Ordinary shares of £0.01 each	**243,835,980**	**2,438,360**
	243,835,980	**2,438,360**

Issued and fully paid

	2022 Number	2022 £
Ordinary shares of £0.01 each		
At 1 January	**192,374,194**	**1,923,742**
Shares issued	**51,461,786**	**514,618**
At 31 December	**243,835,980**	**2,438,360**

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

On 11 January 2022, the Company allotted 40,000,000 new £0.01 Ordinary Shares for consideration of £0.35 per share, totalling £14,000,000.

On 11 January 2022, the Company also allotted a further 5,000,000 new £0.01 Ordinary Shares at par as part of the consideration for the acquisition of Valley Wholesale Carpets (2004) Limited for more detail see note 37.

On 28 January 2022, the Company allotted 5,714,286 new £0.01 Ordinary Shares for consideration of £0.35 per share, totalling £2,000,000.

On 23 March 2022, the Company allotted 204,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £20,400 and allotted a further 2,500 new £0.01 Ordinary Shares for consideration of £0.21 per share, totalling £525. These shares were issued under the Company's SAYE scheme.

On 4 April 2022, the Company allotted 500,000 new £0.01 Ordinary Shares where the share price was £0.375 per share as part of the consideration for the acquisition of Delta Carpets (Holdings) Limited by Likewise Floors Limited, a subsidiary company for more detail see note 37.

On 6 September 2022, the Company allotted 41,000 new £0.01 Ordinary Shares for consideration of £0.10 per share totalling £4,100. These shares were issued under the Company's SAYE scheme.

29. Share premium

	2022 £	*2021 £*
Share premium at 1 January	**22,458,816**	*13,389,295*
Premium on shares issued in the year	**17,447,908**	*9,602,898*
Share issue costs	**(522,099)**	*(533,377)*
Reduction of share premium	**(22,000,000)**	-

Share premium at 31 December	**17,384,625**	**22,458,816**

On 22 February 2022, the Company reduced the share premium account by £22,000,000 and this balance was transferred to the distributable retained earnings of the Company.

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.

Warrants are exercisable at any date in the ten years following the date of grant and none had been exercised as at 31 December 2022.

32. Analysis of amounts recognised in other comprehensive income

Foreign

	Note	Revaluation reserve	Foreign exchange reserve	Retained earnings
		£	£	£
Year to 31 December 2022				
Property revaluation		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
		256,257	**16,138**	**48,700**

	Note	Revaluation reserve	Foreign exchange reserve	Retained earnings
		£	£	£
Year to 31 December 2021				
Property revaluation		1,330,356	-	-
Actuarial losses on pension	33	-	-	(20,000)
Translation in relation to foreign subsidiary		-	(17,222)	-
Transfer to/from retained earnings		(19,000)	-	19,000
		1,311,356	**(17,222)**	**(1,000)**

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 £500,267 (2021 £298,167). The amount outstanding at the reporting date in respect of contributions to the scheme were £114,241 (2021 £45,543).

(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 latest full valuation was completed by an independent actuary on 28 March 2022.

The contribution paid for the year ended 31 December 2022 was £5,000 (2021 £20,000). 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 2022, there is expected to be no material impact on the Group's future cash flows.

(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	
	2022	*2021*	**2022**	*2021*	**2022**	*2021*	**2022**	*2021*
	£	£	**£**	£	**£**	£	**£**	£
Balance at 1 January	**1,731,000**	*1,804,000*	**(1,928,000)**	*(1,846,000)*	**197,000**	*42,000*	**-**	-
Interest cost	32,000	*23,000*	(32,000)	*(23,000)*	-	-	-	-
Included in profit or loss	**1,763,000**	*1,827,000*	**(1,960,000)**	*(1,869,000)*	**197,000**	*42,000*	**-**	-
Remeasurement loss								
Actuarial loss from:								
Demographic assumptions	(402,000)	*(4,000)*	-	-	-	-	(402,000)	*(4,000)*
Limited by asset ceiling	-	-	-	-	114,000	*155,000*	114,000	*155,000*
Return on plan assets (excluding interest)	-	-	293,000	*(131,000)*	-	-	293,000	*(131,000)*
Included in other comprehensive income	**(402,000)**	**(4,000)**	**293,000**	**(131,000)**	**114,000**	**155,000**	**5,000**	**20,000**
Employer contributions	- -		(5,000)	*(20,000)*	-	-	(5,000)	*(20,000)*
Benefits paid	(95,000)	*(92,000)*	95,000	*92,000*	-	-	-	-
Other movements	(95,000)	(92,000)	90,000	72,000	-	-	(5,000)	(20,000)
Balance at 31 December	**1,266,000**	**1,731,000**	**(1,577,000)**	**(1,928,000)**	**311,000**	**197,000**	**-**	**-**

Composition of plan assets:

	£	£
Equities / Property	861,000	*1,301,000*

Cash	76,000	*111,000*
Bonds	640,000	*516,000*
Total plan assets	**1,577,000**	*1,928,000*

Actuarial assumption

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

		2022	*2021*
Discount rate		**4.80%**	*1.90%*
Future salary increases		**2.50%**	*2.40%*
Inflation assumption (RPI)		**3.30%**	*3.20%*
Mortality rates for male aged 65 now		**1.00%**	*1.00%*
Mortality rates for female aged 65 now		**1.00%**	*1.00%*
Longevity at retirement age (current pensioners)			
Males	**86.2**	**years** *86.1*	*years*
Females	**88.5**	**years** *88.5*	*years*
Longevity at retirement age (future pensioners)			
Males	**87.2**	**years** *87.1*	*years*
Females	**89.7**	**years** *89.6*	*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 2021, 7,245,648 share options remained active. During the current year 2,279,995 new options were issued and 1,137,313 options lapsed on employees leaving the Group. During the current year 247,500 options were exercised with an weighted average option price of £0.10 per share. The remaining contractual life of the remaining 8,140,830 options is approximately 2.25 years.

In addition, as at 31 December 2020, 11,700,000 share options remained active which were issued under Enterprise Management Incentives (EMIs). During the current year no new options were issued or exercised and 350,000 options lapsed on employees leaving the Group. The remaining contractual life of the remaining 11,350,000 options is approximately 2 years.

During the year, 4,250,000 new options were issued to management under a Company Share Option Plan (CSOP). 100,000 options lapsed in the year on employees leaving the Group. The remaining contractual life of the remaining 4,150,000 options is approximately 3.5 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 £319,678 for the year (2021   £149,210).

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.

A rent charge and early termination settlement of £78,179 (2021 rent charge of £28,000) was paid in the 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.

36. Changes in liabilities arising from financing activities

	Cash and cash equivalents	Borrowing due within one year	Borrowing due after one year	Total
	£	£	£	£
Net debt at 31 December 2020	**2,820,895**	**(2,224,566)**	**(6,749,655)**	**(6,153,326)**
Cash flows	5,626,655	-	-	5,626,655
Repayment of bank loans	-	(39,743)	139,105	99,362
Increase in invoice discounting facility	-	(1,266,279)	-	(1,266,279)
New lease liabilities	-	(1,535,929)	(5,518,894)	(7,054,823)
Repayment of lease liabilities	-	886,625	-	886,625
Net debt at 31 December 2021	**8,447,550**	**(4,179,892)**	**(12,129,444)**	**(7,861,786)**
Net debt at 31 December 2021	**8,447,550**	**(4,179,892)**	**(12,129,444)**	**(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	-	(1,500,715)	(10,725,680)	(12,226,395)
Repayment of lease liabilities	-	-	2,448,536	2,448,536
Net debt at 31 December 2022	**5,913,155**	**(7,777,512)**	**(20,222,050)**	**(22,086,407)**

37. Business combinations during the year

37.1 Subsidiaries acquired

On 14 January 2022, the Company acquired the entire issued share capital of Valley Wholesale Carpets (2004) Limited and its wholly owned subsidiary Valley Wholesale Carpets Limited. Consideration of £29,971,350 for the purchase was in the form of £14,000,000 cash, £10,000,000 cash extracted from the acquired company, £1,000,000 deferred cash consideration and the issue of 5,000,000 new shares of £0.01 each in Likewise Group Plc valued at £1,750,000 at the date of acquisition and which includes a guaranteed cash payment of the difference between £1 per share and the share price at 14 January 2024. The fair value of this arrangement as at the grant date, being £3,221,350, has been reflected in the purchase consideration outlined below as contingent consideration.

On 1 April 2022, Likewise Floors Limited, a subsidiary of the Company, acquired the entire issued share capital of Delta Carpets (Holdings) Limited and its wholly owned subsidiary Delta Carpets Limited. Consideration of £3,000,135 was paid in the form of £1,500,000 cash, £1,000,000 cash extracted from the acquired companies and 500,000 new £0.01 shares in Likewise Group Plc valued at £187,500 at the date of acquisition which includes a guaranteed cash payment of the difference between £1 per share and the share price at 1 April 2024. The fair value of this arrangement as at the grant date, being £312,635, has been reflected in the purchase consideration outlined below as contingent consideration.

Name	**Principal activity**	**Date of acquisition**	**Proportion of voting equity interests acquired**	**Consideration transferred**
			%	**£**
Valley Wholesale Carpets	Wholesale distribution of floor coverings and associated products	14/01/22	100	29,971,350
Delta Carpets	Wholesale distribution of floor coverings and associated products	01/04/22	100	3,000,135
				32,971,485

37.2 Consideration transferred

	Valley Wholesale Carpets	**Delta Carpets**
	£	**£**
Cash	24,000,000	2,500,000
Deferred consideration	1,000,000	-
Issue of shares in Likewise Group Plc	1,750,000	187,500
Contingent consideration arrangement	3,221,350	312,635
	29,971,350	**3,000,135**

37.3 Assets acquired and liabilities recognised at the date of acquisition

	Valley Wholesale Carpets	**Delta Carpets**	**Total**
	£	**£**	**£**
Non current assets			
Property, plant and equipment	16,792,652	129,554	16,922,206
Intangible assets	-	1,054,394	1,054,394
	16,792,652	**1,183,948**	**17,976,600**
Current assets			
Cash and cash equivalents	11,806,785	1,152,165	12,958,950
Trade and other receivables	1,608,512	492,986	2,101,498
Inventories	3,026,381	668,130	3,694,511
	33,234,330	**3,497,229**	**36,731,559**
Non current liabilities			
Deferred tax liabilities	(1,318,590)	(280,640)	(1,599,230)
	31,915,740	**3,216,589**	**35,132,329**
Current liabilities			
Trade and other liabilities	(2,179,254)	(1,389,146)	(3,568,400)

	29,736,486	**1,827,443**	**31,563,929**

37.4 Goodwill arising on acquisition

	Valley Wholesale Carpets	Delta Carpets	Total
	£	£	£
Consideration transferred	29,971,350	3,000,135	32,971,485
Fair value of identifiable net assets acquired	(29,736,486)	(1,827,443)	(31,563,929)
Goodwill arising on acquisition	**234,864**	**1,172,692**	**1,407,556**

37.5 Net cash outflow on acquisition

	2022
	£
Consideration paid in cash	**26,500,000**
Less: cash and cash equivalent balances acquired	**(12,958,950)**
	13,541,050

37.6 Impact of acquisition on the results of the Group

Likewise Group plc completed its acquisition of the entire share capital and 100% of the voting rights of Valley Wholesale Carpets (2004) Limited and it's wholly owned subsidiary Valley Wholesale Carpets Limited on 14th January 2022.

Likewise Floors Limited, a wholly owned subsidiary of the Group, acquired the entire share capital and 100% of the voting rights of Delta Carpets Holdings Limited, and it's wholly owned subsidiary Delta Carpets Limited on 1st April 2022.

The acquisition of Valley, increases the Group's overall market share whilst also increasing the Group's presence in the southeast of England, and the Midlands, offering many logistical advantages. The acquisition of Delta Carpets further develops the geographical presence and customer base of Likewise. Following the acquisition, the business was integrated into Likewise' nearby Distribution in Leeds utilising the Group's logistics network whilst enhancing the service to customers.

Valley Wholesale Carpets contributed £41.2m revenue and operating profit of £2.5m in the Group's annual financial statements in 2022. This acquisition took place on 14 January 2022 and in the absence of any financial statements being produced to this date, the year end accounts are considered sufficiently close to not have a material impact on the profit on operations.

Delta Carpets contributed £3.6m revenue and operating profit of £0.15m to the Group following acquisition on 1st April 2022. Had the acquisition taken place at the beginning of the financial year, it would have contributed £5.1m and £0.19m to revenue and operating profit respectively. Profitability is forecast to increase once synergies are realised following integration of the business into Likewise post acquisition.

The contingent consideration payable in respect of the Valley and Delta acquisitions is calculated by reference to the Likewise share price at the 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.

Contingent consideration fair value is calculated using the Black Scholes model. The inputs to the model are the strike price and share price at date of valuation and the date of expected payment, expected volatility (61%), expected dividend rate (0%) and risk free rate of return (1.7% at acquisition).

An increase or decrease in the share price by 5 pence would result in an increase or decrease in the contingent consideration liability of approximately £275,000.

38. Post balance sheet events

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 July 2022, Likewise Group Plc declared an interim dividend of 0.2p per share. After the reporting date the Directors became aware that aggregate dividends totalling £487,590 paid in the period had been made otherwise than in accordance with the Companies Act 2006 as unaudited interim accounts had not been filed at Companies House prior to the dividend payment. A resolution has been proposed at the General Meeting to be held on 27 June 2023 to authorise the appropriation of distributable profits to the payment of the relevant dividends and waive the entitlement of the Company to pursue shareholders and Directors for repayment. This will constitute a related party transaction under IAS24 'Related party disclosures', the effect of which will be to return all parties, so far as possible, to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.

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