Registered number: 03220392

HEATSEAM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANY INFORMATION

Directors	A J Brewer A R Judge (appointed 12 July 2021) J A Kellett A M Laffey R Povey
Registered number	03220392
Registered office	1st Floor, Unit 6 Topaz Business Park Birmingham Road Bromsgrove B61 0GD
Independent auditors	Crowe U.K. LLP Chartered Accountants & Statutory Auditors 55 Ludgate Hill London EC4M 7JW

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report and the audited financial statements of the Group for the year ended 31 December 2020.

The Group consists of the trading company Heatseam Limited and its subsidiary company Factory Flooring Outlet Ltd which was dormant in the year.

During the previous period the accounting period was shortened to align with the year end of the ultimate parent company. The prior period comparatives are therefore for nine months from 1 April 2019 to 31 December 2019.

Business overview

Heatseam Limited is a distributor of floor coverings and associated products. The Group is part of the wider Likewise Group which has the opportunity to become one of the UK's largest distributors in this sector.

COVID-19

The COVID-19 pandemic resulted in the shutdown of large swathes of the UK economy and particularly the retail sector, which understandably had a significant impact on the Group's operations throughout 2020.

The Directors have navigated carefully through the pandemic, focusing on maintaining employment and cash resources. With the support and commitment of key management personnel and employees, the business was able to operated with a skeleton team to continue to trade in line with government guidelines in order to fulfill orders for contractors providing essential services.

Whilst the trading of the Company and wider Likewise Group was impacted, the management team were able to use this period to make significant improvements to IT, logistics and operations that would have been more difficult under normal trading conditions. This included the migration of the Company onto the Group IT platform and restructuring of operations from two sites into one larger distribution facility based in Morley, Leeds.

The Company benefitted from furlough grants under the Coronavirus Job Retention Scheme (CJRS) to preserve employment for staff, whilst allowing the business to manage cash flow particularly in the earlier phases of the pandemic.

In addition, the Company also benefitted from deferrals of VAT and PAYE payments in the first half of 2020 that again allowed the Board to preserve cash flow throughout the period. Repayment plans are now in place to settle the outstanding VAT obligations in accordance with guidelines provided by HMRC.

Trading performance

Despite tough trading conditions presented by the onset of the COVID-19 pandemic, the Directors are pleased to report the Group's revenue has increased from £16,905,526 for the nine months to 31 December 2019 to £26,978,665 for the year to 31 December 2020.

This has largely been achieved through positive organic growth where the business have used the resources of the wider Group to gain traction in local markets.

The operations of the Group were relocated in the year from two sites in Dewsbury to one larger distribution hub in Morley. This has significantly improved material handling capabilities with the benefit of having all logistics and administration of the business based in one location whilst using the wider Likewise Group's infrastructure to support the operations of the business. Included within administrative expenses are £657,044 of exceptional costs relating to the restructuring of the Group's operations.

The profitability and cash generation of the business in the second half of 2020 was significantly ahead of budget and expectations but whilst the second half of the year was profitable it was unfortunately not greater than the losses sustained in the first half of 2020. This was heavily impacted by the COVID-19 pandemic and resulted in an overall operating loss for the Group for 2020 of £1,176,595.

Overall, the Group has seen a positive recovery of revenues and profitability in the second half of 2020 and improved the operational and logistical capabilities of the Group that will provide a great foundation on which to build a larger business through organic development.

Financial key performance indicators

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

Key performance indicators were as follows:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Revenue	26,978,665	16,905,526
Operating loss	(1,176,595)	(787,578)

Principal risks and uncertainties

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

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

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

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

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

In addition, rising freight costs recently experienced inevitably increase the landing costs of materials purchased which ultimately impact the profitability of the Group. This risk is mitigated where possible by choosing alternative suppliers or ensuring a sufficient stock holding of product is maintained to sustain short term fluctuations in prices.

Brexit
In 2019, the impending decision to leave the European Union was identified as a potential risk to the Group's business, as a result of potential changes to tariffs as well as disruption to the wider supply chain. The Trade and Cooperation Agreement in place with the European Union has ensured no tariffs or quotas have been levied on goods originating from the EU and as such there has been no significant impact to the Company's profit margins as a result of Brexit. Whilst there was disruption to the supply chain due to new custom's measures and procedures introduced, the Group were able to negate some of this impact by ensuring sufficient buffer stock was on hand to withstand such delays. The Group continues to monitor changes in government guidance of import procedures and update the Group's processes accordingly.

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

R Povey
Director

Date: 28 September 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

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

Results and dividends

The loss for the year, after taxation, amounted to £1,189,255 *(2019 - loss £700,041)*.

Revenue for the year amounted to £26,978,665 (period ended 31 December 2019 - £16,905,526). Loss before taxation was £1,303,678 (period ended 31 December 2019 - loss of £811,142).

The directors have not proposed a dividend for the year to 31 December 2020 (period ended 31 December 2019 - £Nil).

Financial risk management objectives and policies

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

The Directors review and agree policies for managing these risks and they are summarised below:

Interest rate risk
The Company finances its operations through a mixture of retained profits and bank borrowings including invoice discounting facilities. The interest rates charged are reviewed and re-negotiated periodically.

Liquidity risk
Short-term flexibility is achieved through invoice financing facilities.

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

Directors

The directors who served during the year were:

A J Brewer
J A Kellett
A M Laffey
R Povey

Directors' responsibilities statement

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Disclosure of information to auditors

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

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

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

R Povey

R Povey
Director

Date: 28 September 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATSEAM LIMITED

Opinion

We have audited the financial statements of Heatseam Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies set out on pages 25 - 34. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATSEAM LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATSEAM LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Other laws and regulations where non-compliance may have a material effect on the Group's operations are Data Protection and GDPR.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- enquiry of management about litigations and claims;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATSEAM LIMITED (CONTINUED)

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

Use of our report

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

John Glasby (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP

Chartered Accountants & Statutory Auditors
55 Ludgate Hill
London
EC4M 7JW
Date: 28 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**year ended 31 December 2020 £**	*As restated 9 months ended 31 December 2019 £*
Revenue		**26,978,665**	*16,905,526*
Cost of sales		**(20,996,586)**	*(12,805,399)*
Gross profit		**5,982,079**	*4,100,127*
Other operating income	7	**397,881**	-
Administrative expenses		**(4,248,167)**	*(2,998,171)*
Distribution expenses		**(3,261,803)**	*(1,866,839)*
Impairment losses on trade receivables		**(46,585)**	*(22,695)*
Loss from operations		**(1,176,595)**	*(787,578)*
Finance income	10	**10**	-
Finance expense	10	**(127,093)**	*(23,564)*
Loss before tax		**(1,303,678)**	*(811,142)*
Taxation	11	**114,423**	*111,101*
Loss for the year		**(1,189,255)**	*(700,041)*

The notes on pages 25 to 64 form part of these financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £	*2019 £*
Assets			
Non-current assets			
Property, plant and equipment	12	**5,823,706**	*1,383,902*
		5,823,706	*1,383,902*
Current assets			
Inventories	15	**3,405,213**	*4,908,535*
Trade and other receivables	16	**5,536,785**	*3,425,195*
Cash and cash equivalents		**1,039,828**	*153,823*
		9,981,826	*8,487,553*
Total assets		**15,805,532**	*9,871,455*
Liabilities			
Non-current liabilities			
Loans and borrowings	19	**4,383,408**	*494,264*
Deferred tax liability	11	-	*114,423*
		4,383,408	*608,687*
Current liabilities			
Bank overdraft	19	-	*127,639*
Trade and other liabilities	18	**7,434,101**	*5,500,223*
Loans and borrowings	19	**1,710,926**	*503,472*
Provisions	24	**322,762**	-
		9,467,789	*6,131,334*
Total liabilities		**13,851,197**	*6,740,021*
Net assets		**1,954,335**	*3,131,434*
Share capital	25	**2**	*2*
Retained earnings	28	**1,954,333**	*3,131,432*
Total equity		**1,954,335**	*3,131,434*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements on pages 12 to 64 were approved and authorised for issue by the board of directors and were signed on its behalf by:

R Povey
Director
Date: 28 September 2021

The notes on pages 25 to 64 form part of these financial statements.

HEATSEAM LIMITED
REGISTERED NUMBER: 03220392

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	*2019 £*
Assets			
Non-current assets			
Property, plant and equipment	12	**5,823,706**	*1,383,902*
		5,823,706	*1,383,902*
Current assets			
Inventories	15	**3,405,213**	*4,908,535*
Trade and other receivables	16	**5,536,685**	*3,425,095*
Cash and cash equivalents		**1,039,828**	*153,823*
		9,981,726	*8,487,453*
Total assets		**15,805,432**	*9,871,355*
Liabilities			
Non-current liabilities			
Loans and borrowings	19	**4,383,408**	*494,264*
Deferred tax liability	11	-	*114,423*
		4,383,408	*608,687*
Current liabilities			
Bank overdraft	19	-	*127,639*
Trade and other liabilities	18	**7,434,101**	*5,500,223*
Loans and borrowings	19	**1,710,926**	*503,472*
Provisions	24	**322,762**	-
		9,467,789	*6,131,334*
Total liabilities		**13,851,197**	*6,740,021*
Net assets		**1,954,235**	*3,131,334*
Equity	28		
Share capital	25	**2**	*2*
Retained earnings	28	**1,954,233**	*3,131,332*
Total equity		**1,954,235**	*3,131,334*

The Company's loss for the year was £1,189,255 (period ended 31 December 2019 - £700,141).

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements on pages 12 to 64 were approved and authorised for issue by the board of directors and were signed on its behalf by:

R Povey

Director

Date: 28 September 2021

The notes on pages 23 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£
At 1 April 2019 (as previously stated)	2	3,942,307	3,942,309	3,942,309
Prior year adjustment	-	(123,598)	(123,598)	(123,598)
At 1 April 2019 (as restated)	2	3,818,709	3,818,711	3,818,711
Loss for the period	-	(700,041)	(700,041)	(700,041)
Loss for the period	-	(700,041)	(700,041)	(700,041)
IFRS16 Adjustment	-	(6,444)	(6,444)	(6,444)
Share options in Likewise Group Plc	-	19,208	19,208	19,208
Total other comprehensive income and contributions by and distributions to owners	-	12,764	12,764	12,764
At 31 December 2019	**2**	**3,131,432**	**3,131,434**	**3,131,434**
At 1 January 2020	2	3,131,432	3,131,434	3,131,434
Loss for the year	-	(1,189,255)	(1,189,255)	(1,189,255)
Loss for the year	-	(1,189,255)	(1,189,255)	(1,189,255)
Share options in Likewise Group Plc	-	12,156	12,156	12,156
Total other comprehensive income and contributions by and distributions to owners	-	12,156	12,156	12,156
At 31 December 2020	**2**	**1,954,333**	**1,954,335**	**1,954,335**

The notes on pages 23 to 34 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2019 (as previously stated)	2	3,942,307	3,942,309
Prior year adjustment	-	(123,598)	(123,598)
At 1 April 2019 (as restated)	2	3,818,709	3,818,711
Loss for the period	-	(700,141)	(700,141)
Loss for the period	-	(700,141)	(700,141)
IFRS16 Adjustment	-	(6,444)	(6,444)
Share options in Likewise Group Plc	-	19,208	19,208
Total other comprehensive income and contributions by and distributions to owners	-	12,764	12,764
At 31 December 2019	**2**	**3,131,332**	**3,131,334**
At 1 January 2020	2	3,131,332	3,131,334
Loss for the year	-	(1,189,255)	(1,189,255)
Loss for the year	-	(1,189,255)	(1,189,255)
Share options in Likewise Group Plc	-	12,156	12,156
Total other comprehensive income and contributions by and distributions to owners	-	12,156	12,156
At 31 December 2020	**2**	**1,954,233**	**1,954,235**

The notes on pages 23 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the year	**(1,189,255)**	*(700,041)*
Adjustments for		
Depreciation (see note 12)	**911,895**	*436,132*
Impairment of property, plant and equipment (see note 12)	**91,733**	*185,472*
Impairment of goodwill (see note 13)	-	*212,204*
Impairment loss recognised on inventories (see note 15)	-	*423,590*
Finance income (see note 10)	**(10)**	-
Finance expense (see note 10)	**127,093**	*23,564*
Income tax expense (see note 11)	**(114,423)**	*(111,101)*
	(172,967)	*469,820*
Movements in working capital:		
Increase in trade and other receivables (see note 16)	**(2,111,590)**	*(979,692)*
Decrease/(increase) in inventories (see note 15)	**1,503,322**	*(588,488)*
Increase in trade and other payables (see note 18)	**1,933,138**	*1,833,523*
Increase in provisions (see note 24)	**322,762**	-
Cash generated from operations	**1,474,665**	*735,163*
Income taxes paid	**740**	*(189,169)*
Net cash from operating activities	**1,475,405**	*545,994*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from investing activities		
Purchases of property, plant and equipment (see note 12)	**(976,128)**	*(184,107)*
Sale of property, plant and equipment (see note 12)	**195,020**	-
Net cash acquired with subsidiaries	-	*38,695*
Interest received (see note 10)	**10**	-
Net cash used in investing activities	**(781,098)**	*(145,412)*
Cash flows from financing activities		
Interest paid (see note 10)	**(127,093)**	*(23,564)*
Share based payment expense (see note 27)	**12,156**	-
Increase in invoice discounting (see note 19)	**946,311**	-
Repayment of loans (see note 19)	-	*(19,744)*
Repayment of lease liabilities (see notes 19 & 20)	**(512,037)**	*(396,040)*
Net cash from/(used in) financing activities	**319,337**	*(439,348)*
Net cash increase/(decrease) in cash and cash equivalents	**1,013,644**	*(38,766)*
Cash and cash equivalents at the beginning of year (see note 17)	**26,184**	*64,950*
Cash and cash equivalents at the end of the year	**1,039,828**	*26,184*

Cash and cash equivalents at 31 December of £1,039,828 (2019 - £26,184) comprised of cash and cash equivalents of £1,039,828 (2019 - £153,823) less bank overdrafts of £Nil (2019 - £127,639).

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the year	**(1,189,255)**	*(700,141)*
Adjustments for		
Depreciation (see note 12)	**911,895**	*430,054*
Impairment of property, plant and equipment (see note 12)	**91,733**	*168,367*
Impairment loss recognised on inventories (see note 15)	**-**	*423,590*
Finance income (see note 10)	**(10)**	-
Finance expense (see note 10)	**127,093**	*23,564*
Income tax expense (see note 11)	**(114,423)**	*(111,101)*
	(172,967)	*234,333*
Movements in working capital:		
Increase in trade and other receivables (see note 16)	**(2,111,590)**	*(1,104,503)*
Decrease/(increase) in inventories (see note 15)	**1,503,322**	*(650,310)*
Increase in trade and other payables (see note 18)	**1,933,138**	*2,294,338*
Increase in provisions (see note 24)	**322,762**	-
Cash generated from operations	**1,474,665**	*773,858*
Income taxes paid	**740**	*(189,169)*
Net cash from operating activities	**1,475,405**	*584,689*

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from investing activities		
Purchases of property, plant and equipment (see note 12)	**(976,128)**	*(184,107)*
Sale of property, plant and equipment (see note 12)	**195,020**	-
Interest received (see note 10)	**10**	-
Net cash used in investing activities	**(781,098)**	*(184,107)*
Cash flows from financing activities		
Interest paid (see note 10)	**(127,093)**	*(23,564)*
Increase in invoice discounting (see note 19)	**946,311**	-
Share based payment expense (see note 27)	**12,156**	-
Repayment of lease liabilities (see notes 19 & 20)	**(512,037)**	*(396,040)*
Repayment of new loans (see note 19)	**-**	*(19,744)*
Net cash from/(used in) financing activities	**319,337**	*(439,348)*
Net cash increase/(decrease) in cash and cash equivalents	**1,013,644**	*(38,766)*
Cash and cash equivalents at the beginning of year (see note 17)	**26,184**	*64,950*
Cash and cash equivalents at the end of the year	**1,039,828**	*26,184*

Cash and cash equivalents at 31 December of £1,039,828 (2019 - £26,184) comprised of cash and cash equivalents of £1,039,828 (2019 - £153,823) less bank overdrafts of £Nil (2019 - £127,639).

1. General information

Heatseam Limited is a private company, limited by shares, registered in England and Wales. The registered company number is 03220392 and the address of the registered office is 1st Floor, Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, B61 0GD.

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

2. Basis of preparation

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

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

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

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

The Company and Group's ultimate parent undertaking, Likewise Group Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Likewise Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Unit 6 Topaz Business Park, Birmingham Road, Bromsgrove, England, B61 0GD.

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

3. Restatement of prior period

Management have corrected the classification under IFRS 15 of expense categories, discounts paid and discounts received and have determined that certain items in the prior period should be reclassified between revenue, cost of sales, administrative and distribution expenses accordingly.

The impact of this is to:

decrease revenue by £135,563 from £17,041,089 to £16,905,526;
decrease cost of sales by £132,463 from £13,080,995 to £12,948,532; and
decrease distribution costs by £3,100 from £347,453 to £344,353.

In addition, management have reanalysed the classification of expense categories and have determined that certain items in the prior period should be reclassified between cost of sales, administrative expenses (including exceptional expenses) and distribution expenses and finance cost accordingly.

The impact of this is to:

further decrease cost of sales by £143,133 from £12,948,532 to £12,805,399;
increase distribution costs by £1,522,486 from £344,353 to £1,866,839; and
decrease administrative expenses (including exceptional expenses) by £1,379,353 from £4,377,524 to £2,998,171.

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

4. Accounting policies

4.1 Going concern

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

Whilst the COVID-19 pandemic undoubtedly had a significant impact on the business' operations throughout 2020, the significant growth in revenue despite restrictions on trading during this time provides affirmation of the success of our business model. The business has taken this time to invest in organic growth whilst streamlining the current operations of the business to emerge from the pandemic in a strong position having improved our foundations on which to execute our future growth plans. During this uncertain time, revised forecasts were completed to account for the severe impacts of COVID to better monitor the performance of the business in H2 2020. Despite further lockdowns, the Group well exceeded this revised forecast as pent-up demand and the increase in home-improvement spending fueled increased trading activity over this period. More information regarding the impact of COVID-19 can be found in the Strategic Report.

The Group currently utilises invoice financing arrangements in the trading Company and has the option to draw on additional authorised facilities to support its future working capital requirements. The Group operated within these facilities throughout the year and continues to do so into 2021. The directors are therefore confident that the Group will be able to operate within the finance facilities available to us.

The Board have undertaken assessments of going concern to build up a cash flow model through to December 2022 based on 2020 actuals, 2021 budget and forecast performance for 2022. These cash-flows indicated that the business has adequate resources to continue to operate for the foreseeable future and within the current financing arrangements in place. Furthermore, the current 2021 performance of the business has well exceeded initial expectations following significant recovery of trading activity to normal levels in Q1 2021 and as such updates to the cash-flow models using current actuals further enhances the expected position of the business in the foreseeable future.

Overall, based on the consideration of financing facilities in place as well as considering the progress and forecast performance of the Group, this provides the Directors with assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the financial statements.

4. Accounting policies (continued)

4.2 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. None of these had an impact on the Group except for the amendment to IFRS16 - COVID-19 Related Rent Concessions.

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) the change is lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) there are no substantive changes to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in note 20.

4.3 Basis of consolidation

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

4.4 Revenue

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

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

4. Accounting policies (continued)

4.5 Finance income and costs

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

4.6 Property, plant and equipment

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

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

Leasehold improvements - straight line over the term of the lease
Plant and machinery - 12.5% - 15% straight line
Motor vehicles - 33% straight line
Fixtures, fittings and computer equipment - 20% 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 Statement of Comprehensive Income.

4. Accounting policies (continued)

4.7 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 Consolidated Statement of Comprehensive Income immediately.

4.8 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 Consolidated Statement of Comprehensive Income.

4.9 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.

4. Accounting policies (continued)

4.10 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 Consolidated Statement of Comprehensive Income in finance costs or income as appropriate.

4.11 Financial assets

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

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

Past due (days)	31-60	61-90	90-120	120-250	Over 250
Discount to Amounts Overdue	0%	0%	3%	32.5%	100%

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

4. Accounting policies (continued)

4.12 Financial liabilities

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

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

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

4.13 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.

4.14 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 Comprehensive Income.

4. Accounting policies (continued)

4.15 Taxation

Current taxation

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

Deferred taxation

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

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

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

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

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

4. Accounting policies (continued)

4.16 Business combinations

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

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

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

Acquisition related costs are expensed as incurred.

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

4.17 Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

4.18 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 Consolidated Statement of Comprehensive Income in the year to which the contributions relate.

4. Accounting policies (continued)

4.19 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.

4.20 Leases

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

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

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

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

4.21 Borrowing costs

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

4.22 Share based payments

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

The fair value of share options is measured at grant date using the Black-Scholes pricing model and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest.

4. Accounting policies (continued)

4.23 Invoice discounting

The Group has an invoice discounting arrangement. The amounts 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 Consolidated Statement of Comprehensive Income with other finance costs.

4.24 Segment reporting

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

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

5. Judgements and key sources of estimation uncertainty

5.1 Estimates and assumptions

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

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

Impairment of trade receivables

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 4.11 and 16 for further information.

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.

6. Segmental reporting

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

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

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

7. Other operating income

	year ended 31 December 2020 £	*9 months ended 31 December 2019 £*
Government grants receivable	**397,881**	-
	397,881	-

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.

8. Operating loss

Operating loss is stated after charging:

	year ended 31 December 2020 £	*As restated 9 months ended 31 December 2019 £*
Depreciation of property, plant and equipment	**239,592**	*165,536*
Depreciation of right-of-use assets	**672,303**	*270,596*
Difference on foreign exchange	**(6,644)**	*71,936*
Share based payments	**12,156**	*19,208*
Exceptional items	**-**	-
- restructuring costs	**657,044**	-
- impairment of plant and equipment	**-**	*185,472*
- impairment of discontinued stock	**-**	*423,590*
- impairment of goodwill	**-**	*212,204*
Short term lease expense - plant	**61,868**	-

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

9. Directors and employees

Group

	year ended 31 December 2020 £	*9 months ended 31 December 2019 £*
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**2,840,481**	*1,474,829*
Social security costs	**248,292**	*131,178*
Pension costs	**95,102**	*45,186*
Compensation for loss of office	**5,330**	*-*
Share based payments	**12,156**	*19,208*
	3,201,361	*1,670,401*

Key management personnel compensation

Key management personnel are the directors of the Company listed on page 2. Directors emoluments were borne by the parent company, Likewise Group Plc, in both the current and prior period.

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

	year ended 31 December 2020 No.	*9 months ended 31 December 2019 No.*
Distribution and administration	**108**	*86*
	108	*86*

9. Directors and employees (continued)

Company

	year ended 31 December 2020 £	9 months ended 31 December 2019 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	2,840,481	1,412,747
Social security costs	248,292	125,033
Pension costs	95,102	44,962
Compensation for loss of office	5,330	-
Share based payments	12,156	19,208
	3,201,361	1,601,950

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

	year ended 31 December 2020 No.	9 months ended 31 December 2019 No.
Distribution and administration	108	86
	108	86

10. Finance costs

Recognised in profit or loss

	year ended 31 December 2020 £	*9 months ended 31 December 2019 £*
- Bank deposits	**10**	-
Total finance income	**10**	-
Bank interest payable	**16,088**	*2,588*
Interest on lease liabilities	**100,693**	*9,159*
Other interest payable	**10,312**	*11,817*
Total finance costs	**127,093**	*23,564*

11. Taxation on ordinary activities

11.1 Income tax recognised in profit or loss

	year ended 31 December 2020 £	*9 months ended 31 December 2019 £*
Current tax		
Adjustments in respect of prior periods	-	*(107,087)*
Total current tax	-	*(107,087)*
Deferred tax expense		
Origination and reversal of timing differences	**(114,423)**	*(4,014)*
Total deferred tax	**(114,423)**	*(4,014)*
Total tax credit	**(114,423)**	*(111,101)*

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

	year ended 31 December 2020 £	*9 months ended 31 December 2019 £*
Loss for the year	**(1,189,255)**	*(700,041)*
Income tax credit	**(114,423)**	*(111,101)*
Loss before income taxes	**(1,303,678)**	*(811,142)*
Tax using the Company's domestic tax rate of 19% (2019:19%)	**(247,699)**	*(154,117)*
Expenses not deductible for tax purposes	**28,835**	*52,817*
Losses carried back	-	*107,087*
Adjust for changes in deferred tax rates	**9,682**	*(13,432)*
Adjustments to tax charge in respect of prior periods	-	*(107,087)*
Deferred tax not recognised	**114,100**	-
Other differences leading to an increase/(decrease) in the tax charge	**(19,341)**	*3,631*
Total tax expense	**(114,423)**	*(111,101)*

11. Taxation on ordinary activities (continued)

11.1 Income tax recognised in profit or loss (continued)

Changes in tax rates and factors affecting the future tax charges

Future tax charges may be affected by the increase in corporation tax rate from 19% to 25% with effect from 1 April 2023.

11.2 Deferred tax balances

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

	31 December 2020 £	*31 December 2019 £*
Deferred tax liabilities	-	*(114,423)*
	-	*(114,423)*

A deferred tax asset of £145,969 has not been recognised in the financial statements on the basis that it is uncertain that the asset will crystallise in the foreseeable future.

	Opening balance £	**Recognised in profit or loss £**
2020		
Property, plant and equipment	117,524	74,099
Other items	(3,101)	(6,446)
Tax losses carried forward	-	(182,076)
	114,423	(114,423)

12. Property, plant and equipment

Group

	Right of use assets - leasehold property £	Leasehold improv-ements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and computer equipment £	Right of use assets - motor vehicles £	Total £
Cost or valuation							
On transition to IFRS 16	802,348	-	286,762	923,693	478,600	198,266	2,689,669
Additions	195,550	-	59,881	-	124,226	180,897	560,554
Acquisition of subsidiary	-	-	5,100	12,668	5,415	-	23,183
At 31 December 2019	997,898	-	351,743	936,361	608,241	379,163	3,273,406
Additions	3,697,208	104,279	209,663	-	662,186	987,125	5,660,461
Disposals	-	-	-	(241,222)	(88)	(118,590)	(359,900)
Morley restructuring disposals	-	-	(243,158)	-	(587,800)	-	(830,958)
ROU impairment cost	(91,733)	-	-	-	-	-	(91,733)
At 31 December 2020	**4,603,373**	**104,279**	**318,248**	**695,139**	**682,539**	**1,247,698**	**7,651,276**

12. Property, plant and equipment (continued)

	Right of use assets - leasehold property £	Leasehold improv-ements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and computer equipment £	Right of use assets - motor vehicles £	Total £
Accumulated depreciation and impairment							
On transition to IFRS16	454,215	-	167,987	287,177	292,180	66,341	1,267,900
Charge for the year on owned assets	-	-	16,840	123,569	25,127	-	165,536
Charge for the year on right of use assets	189,746	-	-	-	-	80,850	270,596
Impairment charge	-	-	34,035	44,447	106,990	-	185,472
At 31 December 2019	643,961	-	218,862	455,193	424,297	147,191	1,889,504
Charge for the year on owned assets	-	-	35,335	148,139	56,118	-	239,592
Charge for the year on right of use assets	416,694	-	-	-	-	255,609	672,303
Eliminated on disposal	-	-	-	(214,826)	-	(96,581)	(311,407)
Morley restructuring disposals	-	-	(208,879)	-	(453,543)	-	(662,422)
At 31 December 2020	**1,060,655**	**-**	**45,318**	**388,506**	**26,872**	**306,219**	**1,827,570**
Net book value							
At 1 April 2019	348,133	-	118,775	636,516	186,420	131,925	1,421,769
At 31 December 2019	353,937	-	132,881	481,168	183,944	231,972	1,383,902
At 31 December 2020	3,542,718	104,279	272,930	306,633	655,667	941,479	5,823,706

12. Property, plant and equipment (continued)

12.1. 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 2020 £	*31 December 2019 £*
Property, plant and equipment owned	**1,339,509**	*797,993*
Right-of-use assets	**4,484,197**	*585,909*
	5,823,706	*1,383,902*

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

Net book value

	31 December 2020 £	*31 December 2019 £*
Property	**3,542,718**	*353,937*
Motor vehicles	**941,479**	*231,972*
	4,484,197	*585,909*

Depreciation charge for the year ended

	31 December 2020 £	*31 December 2019 £*
Property	**416,694**	*189,746*
Motor vehicles	**255,609**	*80,850*
	672,303	*270,596*

12.2 Impairment losses recognised in the year

During the year, the Group restructured the business to operate from one site. This resulted in an impairment of leasehold property right of use assets of £91,733.

12.3 Assets pledged as security

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

12. Property, plant and equipment (continued)

Company

	Right of use assets - leasehold property £	Leasehold improv- ements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and computer equipment £	Right of use assets - motor vehicles £	Total £
Cost or valuation							
At 1 April 2019	802,348	-	286,762	923,693	478,600	198,267	2,689,670
Additions	195,550	-	59,881	-	124,226	180,896	560,553
At 31 December 2019	997,898	-	346,643	923,693	602,826	379,163	3,250,223
Additions	3,697,208	104,279	209,663	-	662,186	987,125	5,660,461
Disposals	-	-	-	(241,222)	(88)	(118,590)	(359,900)
Morley restructuring disposals	-	-	(243,158)	-	(587,800)	-	(830,958)
ROU impairment cost	(91,733)	-	-	-	-	-	(91,733)
At 31 December 2020	**4,603,373**	**104,279**	**313,148**	**682,471**	**677,124**	**1,247,698**	**7,628,093**

12. Property, plant and equipment (continued)

	Right of use assets - leasehold property £	Leasehold improv-ements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and computer equipment £	Right of use assets - motor vehicles £	Total £
Accumulated depreciation and impairment							
At 1 April 2019	454,215	-	167,987	287,177	292,180	66,341	1,267,900
Charge for the year on owned assets	-	-	15,940	119,347	24,171	-	159,458
Charge for the year on right of use assets	189,746	-	-	-	-	80,850	270,596
Impairment charge	-	-	29,835	36,001	102,531	-	168,367
At 31 December 2019	643,961	-	213,762	442,525	418,882	147,191	1,866,321
Charge for the year on owned assets	-	-	35,335	148,139	56,118	-	239,592
Charge for the year on right of use assets	416,694	-	-	-	-	255,609	672,303
Disposals	-	-	-	(214,826)	-	(96,581)	(311,407)
Morley restructuring disposals	-	-	(208,879)	-	(453,543)	-	(662,422)
At 31 December 2020	**1,060,655**	**-**	**40,218**	**375,838**	**21,457**	**306,219**	**1,804,387**
Net book value							
At 1 April 2019	348,133	-	118,775	636,516	186,420	131,926	1,421,770
At 31 December 2019	353,937	-	132,881	481,168	183,944	231,972	1,383,902
At 31 December 2020	3,542,718	104,279	272,930	306,633	655,667	941,479	5,823,706

12. Property, plant and equipment (continued)

12.4. 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 2020 £	*31 December 2019 £*
Property, plant and equipment owned	**1,339,509**	*797,993*
Right-of-use assets, excluding investment property	**4,484,197**	*585,909*
	5,823,706	*1,383,902*

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

Net book value

	31 December 2020 £	*31 December 2019 £*
Property	**3,542,718**	*353,937*
Motor vehicles	**941,479**	*231,972*
	4,484,197	*585,909*

12.5 Impairment losses recognised in the year

During the year, the Company restructured the business to operate from one site. This resulted in an impairment of leasehold property right of use assets of £91,733.

12.6 Assets pledged as security

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

13. Intangible assets

Group

	Goodwill £
Cost	
On acquisition of subsidiaries	212,204
At 31 December 2019	212,204
At 31 December 2020	**212,204**

	Goodwill £
Accumulated amortisation and impairment	
Impairment charge	212,204
At 31 December 2019	212,204
At 31 December 2020	**212,204**

The 18 April 2019, the Company acquired the entire issued share capital of Factory Flooring Outlet Ltd, a wholesale distributor floor coverings and associated products. The trade and assets of the subsidiary were transferred to the Company and the goodwill was fully impaired in the period ended 31 December 2019.

14. Subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%) 2020	2019
1) Factory Flooring Outlet Ltd	Dormant	England	100	100

1) Factory Flooring Outlet Ltd

The registered offices of Factory Flooring Outlet Ltd are 1st Floor, Unit 6 Topaz Way, Birmingham Road, Bromsgrove, B61 0GD.

15. Inventories

Group and Company

	2020 £	2019 £
Finished goods and goods for resale	**3,405,213**	*4,908,535*
	3,405,213	*4,908,535*

	2020 £	2019 £
Amounts of inventories recognised as an expense during the year	**20,996,586**	*12,774,748*
Amounts of inventories impaired during the year	**-**	*423,590*
	20,996,586	*13,198,338*

16. Trade and other receivables

Group

	2020 £	2019 £
Trade receivables	**3,363,425**	*2,993,555*
Less: provision for impairment of trade receivables	**(82,928)**	*(30,910)*
Receivables from related parties	**1,838,264**	*93,457*
Total receivables - net	**5,118,761**	*3,056,102*
Prepayments and accrued income	**276,927**	*250,966*
Other receivables	**141,097**	*118,127*
Total trade and other receivables	**5,536,785**	*3,425,195*
Total current portion	**5,536,785**	*3,425,195*

16. Trade and other receivables (continued)

Company

	2020 £	2019 £
Trade receivables	**3,363,425**	*2,993,555*
Less: provision for impairment of trade receivables	**(82,928)**	*(30,910)*
Receivables from related parties	**1,838,164**	*93,357*
Total receivables - net	**5,118,661**	*3,056,002*
Prepayments	**276,927**	*250,966*
Other receivables	**141,097**	*118,127*
Total trade and other receivables	**5,536,685**	*3,425,095*
Total current portion	**5,536,685**	*3,425,095*

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

The Directors consider the carrying value of trade and other receivables is approximate to its fair value after incorporating an impairment provision of £82,928 (2019 - £30,910).

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.

16. Trade and other receivables (continued)

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

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Not more than 30 days	**1,508,036**	*1,113,066*	**1,508,036**	*1,113,066*
More than 30 days but not more than 60 days	**838,747**	*1,053,195*	**838,747**	*1,053,195*
More than 60 days but not more than 90 days	**248,946**	*437,015*	**248,946**	*437,015*
More than 90 days but not more than 120 days	**88,893**	*390,279*	**88,893**	*390,279*
More than 120 days	**678,803**	-	**678,803**	-
Loss allowance	**(82,928)**	*(30,910)*	**(82,928)**	*(30,910)*
	3,280,497	*2,962,645*	**3,280,497**	*2,962,645*

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

	2020 £	*ECL*
More than 90 days but not more than 120 days - 3%	**41,639**	*1,249*
More than 120 days - 33% (adjusted for payment plans - see below)	**191,257**	*62,159*
Additional loss allowance	-	*19,520*
	232,896	*82,928*

Due to the COVID-19 pandemic, credit terms were extended for a number of customers in the current year resulting in a slower recovery of debts. However, the credit checking process has ensured that such terms are only granted where ultimate recovery of the debt is likely. The probability of loss has therefore been amended for debtors more than 90 days from 5% to 3% and for debtors more than 120 days from 50% to 32.5%.

In addition, the debtors balance to which the ECL has been applied has been adjusted where there are payment plans in place arising as a result of the pandemic.

16. Trade and other receivables (continued)

Reconciliation of ECL allowance balance

	2020 £
Balance at 1 January	30,910
ECL allowance charged to profit or loss	46,585
Other movements	5,433
	82,928

The carrying amounts of the trade receivables include receivables which are subject to a factoring agreement. Under this arrangement, the trading Company has transferred the relevant receivables to the factor in exchange for cash and are prevented from selling or pledging the receivables. However, the trading Company retains 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:

	2020 £	*2019 £*
Transferred receivables	1,261,748	-
Associated secured borrowings	(946,311)	-
	315,437	-

17. Cash and cash equivalents

Group and Company

	2020 £	*2019 £*
Cash at bank and in hand	1,039,828	*153,823*
	1,039,828	*153,823*

18. Trade and other payables

Group and Company

	2020 £	2019 £
Trade payables	**5,516,759**	*4,665,343*
Payables to related parties	**349,133**	*53,835*
Other payables	**88,646**	*37,364*
Accruals	**513,715**	*290,489*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**6,468,253**	*5,047,031*
Other payables - tax and social security payments	**965,848**	*453,192*
Total trade and other payables	**7,434,101**	*5,500,223*
Less: current portion - trade payables	**(5,516,759)**	*(4,665,343)*
Less: current portion - payables to related parties	**(349,133)**	*(53,835)*
Less: current portion - other payables	**(1,054,494)**	*(490,556)*
Less: current portion - accruals	**(513,715)**	*(290,489)*
Total current portion	**(7,434,101)**	*(5,500,223)*
Total non-current position	**-**	*-*

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 payables is approximate to its fair value due to their short term nature.

Included within tax and social security payments is £440,800 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 Company except social security and other taxes.

19. Loans and borrowings

Group and Company

	2020 £	2019 £
Non-current		
Lease liabilities	**4,383,408**	*494,264*
	4,383,408	*494,264*
Current		
Overdrafts	-	*127,639*
Invoice discounting facility	**946,311**	-
Lease liabilities	**764,615**	*503,472*
	1,710,926	*631,111*
Total loans and borrowings	**6,094,334**	*1,125,375*

The Directors consider that the carrying amount of the invoice discounting facility approximates its fair value.

The invoice discounting facility is secured against the related trade receivable 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 has a fixed service charge of £18,000 per annum.

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

The lease liabilities are secured against the assets to which they relate.

20. Leases

Group and Company

(i) Leases as a lessee

The Group and Company lease a variety of assets including buildings and motor vehicles. The average term of lease for motor vehicles is 3.5 years and for buildings is 5 years.

Lease liabilities are due as follows:

	2020 £	*2019 £*
Contractual undiscounted cash flows due		
Not later than one year	**794,827**	*520,349*
Between one year and five years	**3,050,717**	*526,291*
Later than five years	**2,206,625**	*-*
	6,052,169	*1,046,640*
Lease liabilities included in the Consolidated Statement of Financial Position at 31 December	**5,148,023**	*997,736*
Non-current	**4,383,408**	*494,264*
Current	**764,615**	*503,472*

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

	2020 £	*2019 £*
Interest expense on lease liabilities	**100,693**	*9,159*
Depreciation on lease liabilities	**672,303**	*270,596*
Impairment on lease liabilities	**91,733**	*-*
Loss on termination of lease liabilities	**2,504**	*-*
Expense relating to short-term leases	**61,868**	*-*
Changes in lease payments that arise from COVID-19-related rent concessions	**(5,148)**	*-*

20. Leases (continued)

The Group has received rent concessions from lessors due to the COVID-19 pandemic, including deferrals of rent.

As discussed in note 4.2, the Group has elected to apply the practical expedient introduced by the amendments to IFRS16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of £5,148. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers the payments occurred.

21. 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 and Company holds which are measured at fair value through the Consolidated Statement of Comprehensive Income (as level 2 above) are forward currency contracts (see note 22). 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 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Financial assets at amortised cost				
Trade receivables	**3,280,497**	*2,962,645*	**3,280,497**	*2,962,645*
Amounts owed by group undertakings	**1,838,264**	*93,457*	**1,838,164**	*93,357*
Other receivables	**141,097**	*118,127*	**141,097**	*118,127*
Cash and cash equivalents	**1,039,828**	*153,823*	**1,039,828**	*153,823*
	6,299,686	*3,328,052*	**6,299,586**	*3,327,952*

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21. Financial instruments (continued)

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

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Financial liabilities at amortised cost				
Trade payables	**5,516,759**	*4,665,343*	**5,516,759**	*4,665,343*
Amounts owed to group undertakings	**349,133**	*53,835*	**349,133**	*53,835*
Invoice financing	**946,311**	-	**946,311**	-
Other payables	**88,646**	*37,364*	**88,646**	*37,364*
Accruals	**513,715**	*290,489*	**513,715**	*290,489*
	7,414,564	*5,047,031*	**7,414,564**	*5,047,031*

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.

22. Financial instrument risk exposure and management

22.1 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.

22.2 Foreign currency risk

Most of the Group's transactions are carried out in GBP. Exposure to foreign currency exchange rates arise from the Group's overseas 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 31 December 2020, Heatseam Limited held forward Euro contracts totalling £308,523 and forward USD contracts totalling £854,661. These contracts expire at various dates between 1 February 2021 and 28 April 2021.

22. Financial instrument risk exposure and management (continued)

22.3 Interest rate risk

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

22.4 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. 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 16 above.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2020 reporting date this amounts to £6,299,686 (31 December 2019 - £3,328,052).

22. Financial instrument risk exposure and management (continued)

22.5 Liquidity risk management

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 financing arrangements.

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

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

	Carrying amount £	Total £	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2020							
Trade payables	5,516,759	5,516,759	5,516,759	-	-	-	-
Other taxation and social security costs	965,848	965,848	965,848	-	-	-	-
Other payables	88,646	88,646	88,646	-	-	-	-
Accruals	513,715	513,715	513,715	-	-	-	-
Lease liabilities	6,052,169	6,052,169	198,707	596,120	905,640	2,145,077	2,206,625
Invoice financing	946,311	946,311	946,311	-	-	-	-
	14,083,448	14,083,448	8,229,986	596,120	905,640	2,145,077	2,206,625

22. **Financial instrument risk exposure and management (continued)**

22.5 Liquidity risk management (continued)

	Carrying amount £	Total £	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2019							
Trade payables	4,665,343	4,665,343	4,665,343	-	-	-	-
Other taxation and social security costs	453,192	453,192	453,192	-	-	-	-
Other payables	37,364	37,364	37,364	-	-	-	-
Accruals	290,489	290,489	290,489	-	-	-	-
Lease liabilities	1,046,640	1,046,640	139,395	380,954	274,512	251,779	-
	6,493,028	6,493,028	5,585,783	380,954	274,512	251,779	-

23. 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:

	2020 **£**	*2019* *£*
Equity	**1,954,335**	*3,131,434*
Borrowings	**6,094,334**	*1,125,375*
Cash and cash equivalents	**(1,039,828)**	*(153,823)*
	7,008,841	*4,102,986*

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

24. Provisions

Group and Company

	Dilapidation provision **£**
Charged to profit or loss	322,762
At 31 December 2020	**322,762**
Due within one year or less	322,762
	322,762

25. Share capital

Group and Company

Authorised

	2020 Number	2020 £
Shares treated as equity		
Ordinary shares of £1.00 each	2	2
	2	2

Issued and fully paid

	2020 Number	2020 £
Ordinary shares of £1.00 each		
At 1 January and 31 December	2	2

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

26. Pension commitments

The Group operates a defined contributions 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 £95,102 (2019 - £45,186). The amount outstanding at the reporting date in respect of contributions to the scheme were £31,040 (2019 - £18,240).

27. Share based payments

Equity settled share option plan

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

During the prior year 774,273 options were issued at a option price of £0.10 per share. During the current year no new options were issued and 344,280 options lapsed on employees leaving the Group. No options were exercised in the year. The remaining contractual life of the remaining 429,993 options is approximately 4 years.

In addition, during the prior year 2,100,000 share options were granted to management under Enterprise Management Incentives (EMIs) at a weighted averaged option price of £0.32 per share. During the current year no new options were issued and no options lapsed on employees leaving the Group. No options were exercised in the year. The remaining contractual life of the 2,100,000 options is approximately 4 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 Consolidated Statement of Comprehensive Income over the service life of the option resulting in a charge of £12,156 for the year (2019 - £19,208).

28. Reserves

Share capital

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

Retained earnings

This includes all current and prior period gains and losses and is a distributable reserve.

29. Changes in liabilities arising from financing activities

	Cash / bank overdrafts £	Borrowing due within one year £	Borrowing due after one year £	Total £
Net debt at 31 March 2019	64,950	(180,630)	(370,195)	(485,875)
Cash flows	(38,766)	-	-	(38,766)
Repayment of bank loans	-	19,744	-	19,744
Repayment of / new lease liabilities	-	(342,586)	(124,069)	(466,655)
Net debt at 31 December 2019	26,184	(503,472)	(494,264)	(971,552)
Net debt at 31 December 2019	26,184	(503,472)	(494,264)	(971,552)
Cash flows	1,013,644	-	-	1,013,644
New invoice discounting facility	-	(946,311)	-	(946,311)
Repayment of / new lease liabilities	-	(261,143)	(3,889,144)	(4,150,287)
Net debt at 31 December 2020	1,039,828	(1,710,926)	(4,383,408)	(5,054,506)

30. Post balance sheet events

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

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

31. Ultimate controlling party

The Company is a wholly owned subsidiary of Likewise Group Plc, a company incorporated in England who produce consolidated financial statements for the Group. The ultimate parent company's registered office is Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, England, B37 7YN.