

Lyle & Scott Limited

Report and Group Financial Statements

31 March 2017

Registered No. 4111248

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07/09/2017

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COMPANIES HOUSE

Lyle & Scott Limited

Registered No. 411248

DIRECTORS

S M Watson

H D Driscoll

AUDITORS

Ernst & Young LLP

G1, 5 George Square

Glasgow

G2 1DY

BANKERS

Barclays Bank plc

One Snowhill

Snowhill Queensway

Birmingham

B3 2WN

REGISTERED OFFICE

TS2

Pinewood Business Park

Coleshill Road

Birmingham

B37 7HG

Lyle & Scott Limited

Registered No. 4111248

Strategic Report

PRINCIPAL ACTIVITY

The principal activity of the parent Company in the year under review remained the design, sourcing, marketing and licensing of quality leisurewear and related footwear and accessories. Activity is in the UK and targeted global markets.

The activities of the companies in which the Group has investments are shown in note 10 to the financial statements.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The main performance measures used by the Company are turnover, net profits and cash generation.

Revenues were £33,425,817 (2016: £31,334,945), 6.7% higher than the previous year. Gross margin reduced to 46.2% (2016: 47.6%) as a result of broadening the product offering. A decrease in administrative expenses of £1,143,856, and an increase in distribution costs of £57,843 resulted in a profit before tax of £4,574,425 (2016: £3,225,961). The business continues to be self-funding and has maintained strong cash balances throughout the year with a cash balance of £5,288,875 at the year-end (2016: £5,714,393).

Our wholesale business has seen an increase in sales across both our home and overseas markets despite the challenging external market conditions being experienced in the UK at present. We remain committed to our strategy of profitable growth through multi-channel activity and clear product segmentation

We invested heavily in our Ecommerce business during 2016/17 including launching a new more intelligent website platform which has been instrumental in allowing us to develop a deeper understanding of our customer base and their needs.

Meanwhile, we have continued to invest in our retail operation; our focus remains on ensuring that we have a growing positively contributing retail business at all times.

We remain focused on profitable growth and are confident in the long-term appeal of the brand. Future developments will continue to build on the enhanced Ecommerce Platform & the development of our fledgling retail operation. A clear product segmentation allows us to focus on achieving our goals.

FINANCIAL RISK MANAGEMENT POLICY

The Group's principal financial instruments comprise cash and cash equivalents.

The Group has various other financial assets and liabilities, including trade debtors and trade creditors that arise directly from its operations.

The Group enters into forward currency contracts, the purpose of which is to manage the foreign currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in other financial instruments of a speculative nature shall be undertaken.

Lyle & Scott Limited

Registered No. 4111248

Strategic Report (Continued)

FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

The principal risks associated with the Group's financial assets and liabilities are set out below:

Interest rate risk

The Group is entirely self-funded and expects to be so during the coming financial year. The Group's financial assets are therefore not significantly exposed to interest rate risk.

Price risk

There is no significant exposure to changes in the carrying value of financial instruments, assets and liabilities, except as a result of foreign currency exchange rate fluctuations.

Foreign currency risk

The Group has exposure to a number of foreign currencies through its purchases and sales of products. Exposure is principally in US, Euros and Swedish Krona. The Group's growth in Europe has aided a natural hedge for Euros and the Group takes out forward foreign currency contracts to mitigate other risks, consistent with the Group's policy of hedging against known and highly probable exposures for a 6 - 18 month forward period.

Credit risk

The majority of sales transactions to third parties are insured and consequently the Group has no material exposure to external credit risk.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generated by its operations. The Company is party to a cross-guarantee of financing facilities for other associated companies. The Group has operated a strongly positive cash-flow position over a number of years.

Approved by the Board of Directors and signed by order of the Board.


S M Watson

Director

Date 28.07.17.

Lyle & Scott Limited

Directors' Report

The directors submit their Report and Group financial statements for the year ended 31 March 2017.

RESULTS AND DIVIDENDS

The Group profit for the year after taxation amounted to £3,626,982 (2016: £2,561,368). Interim dividends of £1,300,000 were declared and paid during the year (2016: £1,900,000). The directors do not propose the payment of a final dividend (2016: £nil).

During the year there was no trading activity by the subsidiary company of Lyle & Scott Limited, LS Subco Limited, which is now dormant.

DIRECTORS

The directors who served during the year, and to the date of the approval of the financial statements, were as follows:

S M Watson

H D Driscoll

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Having made enquiries of the Group's directors, the directors confirm that:

- to the best of the directors' knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware; and
- the directors have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

GOING CONCERN

The directors consider that the Group has adequate resources to continue in operation for the foreseeable future. In forming this view, the director has reviewed budgets and other financial information. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Group's auditors will be put to the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board.



S M Watson

Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITORS' REPORT

to the members of Lyle & Scott Limited

We have audited the financial statements of Lyle & Scott Limited for the year ended 31 March 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland").

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

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
to the members of Lyle & Scott Limited

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and the Directors' Report have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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

Ernst & Young LLP

Nicola McIntyre (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date *28 July 2017*

Lyle & Scott Limited

GROUP INCOME STATEMENT

for the year ended 31 March 2017

		2016/17	2015/16
	Notes	£	£
		-	
Turnover	2	33,425,817	31,334,945
Cost of sales		<u>(17,973,633)</u>	<u>(16,429,987)</u>
Gross profit		15,452,184	14,904,958
Distribution costs		(1,680,608)	(1,622,765)
Administration expenses – ordinary		(10,139,236)	(11,283,092)
Other operating income		<u>890,398</u>	<u>1,166,145</u>
Operating profit	3	4,522,738	3,165,246
Net interest receivable	6	<u>51,687</u>	<u>60,715</u>
Profit on ordinary activities before taxation		4,574,425	3,225,961
Tax on profit on ordinary activities	7	<u>(947,443)</u>	<u>(664,593)</u>
Profit on ordinary activities after taxation transferred to reserves		<u><u>3,626,982</u></u>	<u><u>2,561,368</u></u>

All of the activities of the Group are classed as continuing.

Group Statement of comprehensive income

The above income statement presents all items of income and expense recognised in the period.

Lyle & Scott Limited

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2017

		<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
		<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Fixed assets					
Tangible assets	9	571,739	571,739	276,138	276,138
Investments	10	-	200	-	200
		<u>571,739</u>	<u>571,939</u>	<u>276,138</u>	<u>276,338</u>
Current assets					
Stocks	11	7,057,104	7,057,104	5,391,070	5,391,070
Debtors	12	10,462,789	10,462,588	9,569,835	9,569,634
Cash at bank and in hand		5,288,875	5,288,875	5,714,393	5,714,393
		<u>22,808,768</u>	<u>22,808,567</u>	<u>20,675,298</u>	<u>20,675,097</u>
Creditors: amounts falling due within one year	13	(4,132,833)	(4,132,833)	(4,027,660)	(4,027,660)
		<u>18,675,935</u>	<u>18,675,734</u>	<u>16,647,638</u>	<u>16,647,437</u>
Net current assets					
		<u>19,247,674</u>	<u>19,247,673</u>	<u>16,923,776</u>	<u>16,923,775</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	14	(199,661)	(199,661)	(202,745)	(202,745)
		<u>19,048,013</u>	<u>19,048,012</u>	<u>16,721,031</u>	<u>16,721,030</u>
Capital and reserves					
Called up share capital	16	494,000	494,000	494,000	494,000
Profit and loss account		18,554,012	18,554,012	16,227,030	16,227,030
		<u>19,048,012</u>	<u>19,048,012</u>	<u>16,721,030</u>	<u>16,721,030</u>
Equity shareholders' funds					
Minority interests		1	-	1	-
		<u>19,048,013</u>	<u>19,048,012</u>	<u>16,721,031</u>	<u>16,721,030</u>
Shareholders' funds					
		<u>19,048,013</u>	<u>19,048,012</u>	<u>16,721,031</u>	<u>16,721,030</u>

The financial statements were approved by the Board of Directors and issued to the shareholders on 28/07/17


S M Watson - Director

Lyle & Scott Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

<i>Group</i>	<i>Called-up share Capital</i>	<i>Profit & loss account</i>	<i>Minority Interest</i>	<i>Total Equity</i>
	£	£	£	£
At 1 April 2016	494,000	16,227,030	1	16,721,031
Profit & Total comprehensive income for the year for the year	-	3,626,982	-	3,626,982
Dividends paid	-	(1,300,000)	-	(1,300,000)
At 31 March 2017	494,000	18,554,012	1	19,048,013

<i>Company</i>	<i>Called-up share Capital</i>	<i>Profit & loss account</i>	<i>Total Equity</i>
	£	£	£
At 1 April 2016	494,000	16,227,030	16,721,030
Profit & Total comprehensive income for the year for the year	-	3,626,982	3,626,982
Dividends paid	-	(1,300,000)	(1,300,000)
At 31 March 2017	494,000	18,554,012	19,048,012

Lyle & Scott Limited

GROUP STATEMENT OF CASHFLOWS

at 31 March 2017

		2017	2016
	Notes	£	£
<i>Net cash inflow from operating activities</i>	22	1,335,978	383,266
<i>Investing activities</i>			
Interest received	6	51,687	60,715
Payments to acquire tangible fixed assets	9	(560,806)	(87,357)
Receipt of government grants	3	47,623	22,346
Net cash flow from investing activities		(461,496)	(4,296)
<i>Financing activities</i>			
Equity dividends paid		(1,300,000)	(1,900,000)
Net cash flow from financing activities		(1,300,000)	(1,900,000)
<i>(Decrease) in cash and cash equivalents</i>		(425,518)	(1,521,030)
<i>Effect of exchange rates on cash and cash equivalents</i>			
<i>Cash and cash equivalents at 1 April 2016</i>		5,714,393	7,235,423
<i>Cash and cash equivalents at 31 March 2017</i>		5,288,875	5,714,393

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

1. ACCOUNTING POLICIES

Company Information

Lyle & Scott Limited is a Company limited by shares, incorporated in England and Wales. The registered office is TS2 Pinewood Business Park, Coleshill Road, Birmingham, B37 7HG

Basis of preparation

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies are set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of Lyle & Scott Limited and its subsidiary undertaking, LS Subco Limited, made up to 31 March 2017. There are no Companies acquired during the year. No profit and loss account is presented for Lyle & Scott Limited as provided by Section 408 of the Companies Act 2006. The net profit for the year of that Company is £3,626,982 (2016: £2,561,368).

Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land or assets in the course of construction, at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Leasehold and buildings	over 2 - 10 years on a straight line basis
Plant and machinery	over 2 to 20 years on a straight line basis
Fixtures and fittings	over 2 to 10 years on a straight line basis
Computer equipment	over 3 years on a straight line basis

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Dilapidation

The Company is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of the extent and cost of repairs to be completed. The non-current portion of these provisions is expected to be utilised within the next two to five years.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable, in accordance with the rules of the scheme.

Royalty income

Royalty income is recognised when the income is earned. Deferred royalty income is released to the profit and loss account over the period to which the income relates.

Leased assets

Operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Lease incentives are recognised over the lease term on a straight line basis.

Foreign currencies

Transactions in foreign currency are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of the exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Government Grants

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Investments in subsidiaries

The Company has elected to treat the carrying amount of the investments in its Dormant subsidiaries at deemed cost.

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

2. TURNOVER

Turnover, which is stated net of value added tax, represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities. Income is recognised when substantially all risk and rewards of ownership are transferred to the customer, usually on the despatch of goods.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	22,390,442	22,109,573
Rest of Europe	10,724,720	8,774,699
Rest of the world	310,655	450,673
	<u>33,425,817</u>	<u>31,334,945</u>

3. OPERATING PROFIT

This is stated after (crediting)/charging:

	2017 £	2016 £
Royalty income	(579,540)	(1,132,807)
Government grant income	47,623	22,346
Depreciation – owned assets	186,860	174,850
Loss on disposal – owned assets	78,343	-
Auditors' remuneration	19,500	17,000
Operating lease rentals - land and buildings	813,659	832,264
Operating lease rentals - plant and machinery	7,079	14,101
Exchange differences	(468,217)	(334,668)
	<u></u>	<u></u>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

4. DIRECTORS REMUNERATION

	2017 £	2016 £
Aggregate remuneration in respect of qualifying services	-	-
In respect of the highest paid Director: Aggregate remuneration	-	-

No remuneration is taken by either of the two statutory directors.

5. STAFF COSTS

	2017 £	2016 £
Wages and salaries	4,098,910	3,994,850
Social security costs	404,956	426,719
Other pension costs	80,534	48,940
	<u>4,584,400</u>	<u>4,470,509</u>

The monthly average number of employees during the year was as follows:

	2017 No.	2016 No.
Management and administration	133	128
Production	3	3
	<u>136</u>	<u>131</u>

Key management personnel

Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £461,850 (2016 - £553,717).

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

6. NET INTEREST RECEIVABLE

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Bank interest receivable	12,958	9,991
Other interest receivable	38,729	50,724
	<hr/>	<hr/>
	51,687	60,715
	<hr/>	<hr/>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

7. TAXATION

(a) The tax charge is made up as follows:

	2017 £	2016 £
UK corporation tax	971,749	660,423
Adjustments in respect of prior periods	(658)	(758)
	<hr/>	<hr/>
Total current tax	971,091	659,665
Deferred tax movement (note 15)	(23,648)	4,204
Adjustments in respect of prior periods	-	724
	<hr/>	<hr/>
Tax on profit on ordinary activities	947,443	664,593
	<hr/>	<hr/>

(b) The tax assessed on the profit on ordinary activities for the year is the standard rate of corporation tax in the UK of 20% (2016: 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit on ordinary activities before taxation	4,574,425	3,225,961
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2016: 20%)	914,885	645,192
	<hr/>	<hr/>
Tax effect of expenses that are not deductible in determining taxable profit	31,971	21,153
Adjustments in respect of prior years	(658)	(34)
Effect of tax rate changes	1,245	(1,718)
	<hr/>	<hr/>
	32,558	19,401
	<hr/>	<hr/>
Tax expense for the year	947,443	664,593
	<hr/>	<hr/>

(c) Factors that may affect future tax charges

The Finance Act (No 2) Act 2015, passed on 18 November 2015, and the Finance Act 2016, passed on 15 September 2016, respectively provided that the main UK corporation tax rate will be reduced to 19% from 1 April 2017 and to 17% from 1 April 2020.

The deferred tax assets and liabilities reflect these rates.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

8. INTANGIBLE FIXED ASSETS

GROUP AND COMPANY

The Group and Company do not have any intangible assets at the year ended 31 March 2017 (2016: Nil).

9. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	<i>Leasehold & Buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Computer hardware</i>	<i>Computer software</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 April 2016	125,878	263,675	738,339	851,168	-	1,979,060
Additions	-	47,132	39,660	12,999	461,014	560,805
Disposals	(125,878)	(131,339)	(187,497)	(3,639)	-	(448,353)
At 31 March 2017	-	179,468	590,502	860,528	461,014	2,091,512
Depreciation:						
At 1 April 2016	(82,099)	(255,808)	(616,889)	(748,127)	-	(1,702,923)
Charge for the year	(12,310)	(9,307)	(51,857)	(50,794)	(62,592)	(186,860)
Disposals	94,409	131,339	140,623	3,639	-	370,010
At 31 March 2017	-	(133,776)	(528,123)	(795,282)	(62,592)	(1,519,773)
Net book value:						
At 31 March 2017	-	45,692	62,379	65,246	398,422	571,739
At 31 March 2016	43,779	7,867	121,450	103,041	-	276,138

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

10. INVESTMENTS

Investments in subsidiary undertaking at cost:

	£
At 1 April 2016 and 31 March 2017	200

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of Company</i>			<i>Proportion of voting rights and share held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>	<i>Holding</i>	<i>Country of registration</i>		
LS Subco Limited	Ordinary shares	England and Wales	99.5%	Non-trading

11. STOCKS

GROUP AND COMPANY

	2017	2016
	£	£
Finished goods	7,047,104	5,381,070
Raw materials	10,000	10,000
	<u>7,057,104</u>	<u>5,391,070</u>

The difference in purchase price of stocks and their replacement cost is not material.

Stocks recognised as an expense in the period were £16,297,862 (2016 - £15,794,633) for the Company and Group.

12. DEBTORS

	<i>Group 2017 £</i>	<i>Company 2017 £</i>	<i>Group 2016 £</i>	<i>Company 2016 £</i>
Trade debtors	9,269,227	9,269,227	7,953,521	7,953,521
Amounts owed by related undertakings	600,000	600,000	858,478	858,478
Other debtors	69,464	69,263	147,273	147,273
Financial Instrument Asset (Note 17)	46,333	46,333	368,120	368,120
Prepayments and accrued income	477,765	477,765	242,443	242,242
	<u>10,462,789</u>	<u>10,462,588</u>	<u>9,569,835</u>	<u>9,569,634</u>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

13. CREDITORS: amounts falling due within one year

GROUP AND COMPANY

	2017 £	2016 £
Trade creditors	803,728	646,279
Corporation tax	518,255	222,498
Other taxes and social security costs	1,147,540	1,425,193
Other creditors	4,621	397,848
Financial Instrument Liability (Note 17)	84,102	368,120
Accruals	1,574,587	967,722
	<u>4,132,833</u>	<u>4,027,660</u>

14. CREDITORS: amounts falling due after more than one year

GROUP AND COMPANY

	2017 £	2016 £
Provision for dilapidation	190,675	170,111
Deferred Tax (Note 15)	8,986	32,634
	<u>199,661</u>	<u>202,745</u>

Provision for Liabilities GROUP AND COMPANY

	<u>Provision for Dilapidation</u>	<u>Deferred Tax</u>	<u>Total</u>
As at 31 st March 2016	170,111	32,634	202,745
Additions during the year	33,064		33,064
Release during the year	(12,500)	(23,648)	(36,148)
As at 31 st March 2017	<u>190,675</u>	<u>8,986</u>	<u>199,661</u>

NOTES TO THE FINANCIAL STATEMENTS**at 31 March 2017****15. DEFERRED TAXATION**

The deferred taxation amounts recognised are as follows:

GROUP AND COMPANY

	<i>Capital gains held over</i>	<i>Decelerated Capital allowances</i>	<i>Other timing differences</i>	Total
Deferred tax asset at 1 April 2015	70,000	(40,716)	(1,578)	27,706
Deferred tax movements in prior year				
Charge to profit or loss	(3,500)	8,192	236	4,928
Deferred tax liability at 1 April 2016	66,500	(32,524)	(1,342)	32,634
Deferred tax movements in current year				
Charge to profit or loss	(45,060)	21,540	(128)	(23,648)
Deferred tax liability at 31 March 2017	21,440	(10,984)	(1,470)	8,986

The Company does not expect any of the deferred tax asset to reverse in 2018

The Finance Act (No 2) Act 2015, which was substantively enacted on 26 October 2015, and passed on 18 November 2015, provided that the main UK corporation tax rate will be reduced to 19% from 1 April 2017 and to 18% from 1 April 2020. Accordingly, these rates have been applied in the measurement of the deferred tax balances at 31 March 2017.

In addition, the chancellor announced in his 2016 Summer Budget that from 1 April 2020, the rate will be reduced to 17%. The effect of this subsequent reduction has not been reflected in these financial statements due to the relevant legislation not having been substantively enacted at the reporting date.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

16. SHARE CAPITAL

	2017 No.	2017 £	2016 No.	2016 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Ordinary "B" shares of £1 each	285,000	285,000	285,000	285,000
Ordinary "C" shares of £1 each	95,000	95,000	95,000	95,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Allotted, partly called up and partly paid</i>				
Ordinary "A" shares of £1 each	1,400,000	14,000	1,400,000	14,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,880,000	494,000	1,880,000	494,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

On 4 July 2014, 950 "C" ordinary shares with aggregate nominal value of £950 were allotted for cash at £1.00 each.

Equity shareholders were issued bonus shares totalling £478,050 in the following share issues:

- On 4 July 2014, 2,850 "B" ordinary shares with aggregate nominal value of £2,850 were allotted by way of bonus at £1.00 each. A total of £2,850 bonus shares issued.
- On 4 July 2014, the Company issued Ordinary, Ordinary "B" and Ordinary "C" equity shareholders bonus shares at a rate of 99 shares for every 1 share held to be allotted from the Company's distributable reserves. (99,000 Ordinary shares, 282,150 Ordinary "B" shares and 94,050 Ordinary "C" shares). A total of £475,200 bonus shares issued.

'A' Ordinary shares carry restricted voting rights, with no income rights. This class of share carries preferential rights to capital distributions of the Company including on a winding up. This class of share is non-redeemable and does not give rights to participate in any dividend or other distribution of the Company other than those expressly resolved to be distributed to the holders of the ordinary shares.

'B' Ordinary shares carry one vote, with no income rights. This class of share carries subordinate rights to 20% of capital distributions of the Company including on a winding up after aggregate distribution to holders of class 'A' Ordinary shares, 'C' Ordinary shares, 'D' Ordinary shares, 'E' Ordinary shares, 'F' Ordinary shares. This class of share is non-redeemable.

'C' Ordinary shares carry one vote, with each share having subordinate rights to participate in 25% of any income distribution of the Company. This class of share carries subordinate rights to capital distributions of the Company including on a winding up. This class of share is non-redeemable.

During 2015, the Company issued 1,400,000 Ordinary "A" shares of £1 each with £0.99 remaining unpaid on each share as at 31 March 2017. No call has been made for this further capital. The unpaid element is not recognised.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

17. FINANCIAL INSTRUMENTS

	<i>Group</i> <i>2017</i>	<i>Company</i> <i>2017</i>	<i>Group</i> <i>2016</i>	<i>Company</i> <i>2016</i>
	£	£	£	£
Financial assets measured at amortised cost				
Trade debtors	9,269,227	9,269,227	7,953,521	7,953,521
Financial assets at fair value through profit or loss				
Financial instrument asset	46,333	46,333	368,120	368,120
Financial liabilities measured at amortised cost				
Trade creditors	803,728	803,728	646,279	646,279
Financial liabilities at fair value through profit or loss				
Financial instrument liability	84,102	84,102	368,120	368,120

18. FINANCIAL COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	£	£	£	£
Not later than one year	731,000	71,209	7,000	1,055
Later than one year and not later than five years	2,022,459	1,033,763	11,275	7,000
Later than five years	185,500	-	-	-
	<u>2,938,959</u>	<u>1,104,972</u>	<u>18,275</u>	<u>8,055</u>

19. PENSION COMMITMENTS

Defined contribution scheme

Lyle & Scott Limited operates a defined contributions scheme for the benefit of its employees. The assets of the Scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at the year end, included within 'other creditors' (note 13), are £7,734 (2016: £7,062). The subsidiary does not have any employees or pension scheme.

20. CONTINGENT LIABILITIES

As at 31 March 2017, the Waterlinks Investments Limited Group does not have an overdraft facility, however does operate with a Group cross guarantee. As at 31 March 2017, bank overdraft of the Group (excluding Lyle & Scott Limited) was £352,524 (2016: £170,000), with the Group cross guarantee continuing to exist.

In the ordinary course of business, the Company had guaranteed certain liabilities of a related Company. The potential liability under this guarantee was £352,524 at 31 March 2017 (2016: £170,000).

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

20. CONTINGENT LIABILITIES (CONTINUED)

On 21 April 2016 HMRC issued assessments for PAYE tax and NIC of £839,450 in respect of the year to 31 March 2014, against which Lyle & Scott Limited have appealed. However, an Accelerated Payment Notice was subsequently raised for this amount which, although the company continues to work to resolve the matter with HMRC, it has to settle in accordance with a Time to Pay arrangement. At 31 March 2017, an initial prepayment of £50,000 is recorded in the financial statements but no provision for the remaining £789,450 to be paid to HMRC has been recognised. The individual to whom the tax and NIC relates has undertaken to reimburse the net cost, if any, suffered by the company.

21. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions, in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31st March, are as follows:

	<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed to related parties</i>	<i>Amounts owed by related parties</i>
	£	£	£	£
<i>Entities with significant influence over the Group</i>				
2017	-	375,000	-	600,000
2016	-	480,741	-	858,478
<i>Entities controlled by Sue Watson (as Lyle & Scott majority owner)</i>				
2017				
Tulchan Textiles Limited	-	9,846	-	-
2016				
Tulchan Textiles Limited	-	11,873	-	-
Quarks to Quasars Limited	-	581,061	3,075	-

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2017

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit to net cash (outflow)/inflow from operating activities

	2017	2016
	£	£
Group profit for the year	4,574,425	3,225,961
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Net interest	(51,687)	(60,715)
Depreciation and impairment of tangible fixed assets	186,857	174,850
Loss on disposal	78,343	-
Government Grants Received	(47,623)	(22,346)
(Increase)/decrease in debtors	(892,954)	(2,398,011)
(Increase)/decrease in stocks	(1,666,034)	(253,387)
Increase/(decrease) in creditors	(170,015)	599,595
Taxation		
Corporation tax paid (including advance corporation tax)	(675,334)	(882,680)
	<u>(3,238,447)</u>	<u>(2,781,980)</u>
Net cash (outflow)/inflow from operating activities	<u>1,335,978</u>	<u>383,266</u>

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following;

	At 31 March 2017	At 31 March 2016
	£	£
Cash at bank and in hand	5,288,875	5,714,393
Short-term deposits	-	-
	<u>5,288,875</u>	<u>5,714,393</u>
Bank overdrafts	-	-
Cash and cash equivalents	<u>5,288,875</u>	<u>5,714,393</u>

23. IMMEDIATE & ULTIMATE CONTROLLING PARTY

The immediate & ultimate controlling party is S M Watson.