

Lyle & Scott Limited

Report and Group Financial Statements

31 March 2014

Registered No. 4111248

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COMPANIES HOUSE

Lyle & Scott Limited

Registered No. 4111248

DIRECTORS

S M Watson

H D Driscoll

SECRETARY

Waterlinks Investments Limited

AUDITORS

Ernst & Young LLP

Citygate

St James' Boulevard

Newcastle upon Tyne

NE1 4JD

BANKERS

Barclays Bank plc

PO Box 3333

15 Colmore Row

Birmingham

B3 2WN

SOLICITORS

SGH Martineau LLP

1 Colmore Square

Birmingham

B4 6AA

REGISTERED OFFICE

Faraday Wharf

Holt Street

Birmingham

B7 4BB

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 and marketing of branded knitwear and other leisurewear garments.

The activities of the companies in which the Group has investments are shown in note 9 to the financial statements.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The main performance measures used by the company remain as sales, profits and cash generation.

Sales were £27.6m (2013: £29.7m), 7% lower than the previous year. The ongoing economic challenges within both the UK and European markets continued to impact across the business. Despite improvements in gross margins at 50.8% (2013: 45.7%), increases to administrative expenses of £3.27m (up 35.9%) meant our profit before tax was £2,019,533 (2013: £4,305,415).

The business continues to be self funding and has maintained strong cash balances throughout the year with a balance of £5,875,473 at the year end. (2013: £7,510,128).

With our 140 year anniversary in 2014, we are launching a sustained marketing activity to continue to build upon increasing support with a loyal expanding global customer base and we remain committed to our strategy of profitable growth through multi-channel activity and clear product segmentation. We opened our new flagship store on Carnaby Street in late 2013 and remain committed to increasing our retail presence providing a controlled environment to showcase product and brand via concessions and shop in shops within premium multiple retailers. With new partners in key markets around the world, we are setting the foundations of our ongoing profitable growth and we remain confident in the long term appeal of the brand.

FINANCIAL RISK MANAGEMENT POLICY

The group's principal financial instruments comprise cash, cash equivalents and overdraft facilities.

The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets and liabilities, including trade debtors and trade creditors that arise directly from its operations.

The group also 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.

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

Interest rate risk

The Group is entirely self funded and expected 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, as described below.

Lyle & Scott Limited

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Strategic Report

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.

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 takes out forward foreign currency contracts to mitigate some of this risk, consistent with the group's policy of hedging against known and highly probable exposures for a 6-18 month forward period.

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



S M Watson

Director

1 December 2014

Lyle & Scott Limited

Registered No. 4111248

Directors' Report

The directors submit their Report and Group financial statements for the year ended 31 March 2014.

RESULTS AND DIVIDENDS

The group profit for the year after taxation amounted to £1,395,102 (2013: £3,284,969). Interim dividends of £nil were declared and paid during the year (2013: £nil). The directors do not propose the payment of a final dividend (2013: £nil).

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

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 (appointed 4th July 2014)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Having made enquiries of the company's auditors, 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 company'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 company'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

1 December 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement 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).

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 director and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the director is 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 director; 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.


INDEPENDENT AUDITORS' REPORT

to the members of Lyle & Scott Limited

Matters on which we are required to report by exception

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.

A handwritten signature in black ink, appearing to read 'D. Rutherford', with a horizontal line extending from the end.

Darren Rutherford (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

1 December 2014

Lyle & Scott Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
Turnover	2	27,606,254	29,683,267
Cost of sales		<u>13,576,516</u>	<u>16,105,860</u>
Gross profit		14,029,738	13,577,407
Distribution costs		1,307,450	1,354,426
Administration expenses - ordinary		11,791,303	9,098,520
Administration expenses - exceptional	3	575,000	-
Other operating income		<u>(1,619,133)</u>	<u>(1,133,594)</u>
Operating profit	4	1,975,118	4,258,055
Net interest receivable	7	<u>44,415</u>	<u>47,360</u>
Profit on ordinary activities before taxation		2,019,533	4,305,415
Tax on profit on ordinary activities	8	<u>624,431</u>	<u>1,020,446</u>
Profit on ordinary activities after taxation transferred to reserves	17	<u><u>1,395,102</u></u>	<u><u>3,284,969</u></u>

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

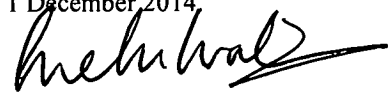
GROUP AND COMPANY BALANCE SHEETS

at 31 March 2014

	Notes	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Fixed assets					
Tangible assets	9	531,556	531,556	298,371	298,371
Investments	10	-	200	-	200
		<u>531,556</u>	<u>531,756</u>	<u>298,371</u>	<u>298,571</u>
Current assets					
Stocks	11	3,742,346	3,742,346	3,422,710	3,422,710
Debtors	12	8,310,019	8,309,818	9,021,826	9,021,625
Cash at bank and in hand		5,875,473	5,875,473	7,510,128	7,510,128
		<u>17,927,838</u>	<u>17,927,637</u>	<u>19,954,664</u>	<u>19,954,463</u>
Creditors: amounts falling due within one year	13	(3,692,657)	(3,692,657)	(5,996,214)	(5,996,214)
		<u>14,235,181</u>	<u>14,234,980</u>	<u>13,958,450</u>	<u>13,958,249</u>
Net current assets					
		<u>14,766,737</u>	<u>14,766,736</u>	<u>14,256,821</u>	<u>14,256,820</u>
Total assets less current liabilities					
		<u>14,766,737</u>	<u>14,766,736</u>	<u>14,256,821</u>	<u>14,256,820</u>
Creditors: amounts falling due after more than one year	14	(634,656)	(634,656)	(1,533,842)	(1,533,842)
		<u>14,132,081</u>	<u>14,132,080</u>	<u>12,722,979</u>	<u>12,722,978</u>
Capital and reserves					
Called up share capital	16	15,000	15,000	1,000	1,000
Profit and loss account	17	14,117,080	14,117,080	12,721,978	12,721,978
		<u>14,132,080</u>	<u>14,132,080</u>	<u>12,722,978</u>	<u>12,722,978</u>
Equity shareholders' funds	17	14,132,080	14,132,080	12,722,978	12,722,978
Minority interests		1	-	1	-
		<u>14,132,081</u>	<u>14,132,080</u>	<u>12,722,979</u>	<u>12,722,978</u>
Shareholders' funds					
		<u>14,132,081</u>	<u>14,132,080</u>	<u>12,722,979</u>	<u>12,722,978</u>

The financial statements were approved by the Board of Directors and issued to the shareholders on

1 December 2014



S M Watson - Director

Lyle & Scott Limited

GROUP CASH FLOW STATEMENT

at 31 March 2014

	2014	2013
	£	£
Net cash outflow from operating activities	(279,782)	7,337,928
Returns on investment and servicing of finance		
Interest received	44,420	48,048
Interest paid	(5)	(688)
Taxation		
Corporation tax paid	(909,198)	(1,058,994)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(504,090)	(91,247)
Issue of share capital	14,000	-
Cash (outflow)/inflow	<u>(1,634,655)</u>	<u>6,235,047</u>
Reconciliation of Operating Profit to Operating Cash Flows		
Operating profit	1,975,118	4,258,055
Depreciation of tangible fixed assets	261,588	210,252
Loss on disposal of tangible fixed assets	9,317	729
(Increase)/decrease in stocks	(319,636)	2,169,113
Decrease/(increase) in debtors	683,042	(274,010)
(Decrease)/increase in creditors	<u>(2,889,211)</u>	<u>973,789</u>
Net cash outflow from operating activities	<u>(279,782)</u>	<u>7,337,928</u>
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in net funds	(1,634,655)	6,235,047
Net funds at beginning of year	<u>7,510,128</u>	<u>1,275,081</u>
Net funds at the end of year	<u>5,875,473</u>	<u>7,510,128</u>
Analysis of net funds		
	<i>At 1 April</i>	<i>At 1 April</i>
	<i>2013</i>	<i>2014</i>
	£	£
Cash at bank and in hand	<u>7,510,128</u>	<u>5,875,473</u>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards.

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 2014. Companies acquired during the year are included in the Group financial statements from the date of acquisition using the acquisition method of accounting. No profit and loss account is presented for Lyle & Scott Limited as provided by Section 408 of the Companies Act 2006. The profit for the year of that company is £1,395,102 (2013: £3,284,969).

Depreciation

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 5 years
Plant and machinery	over 2 to 20 years
Fixtures and fittings	over 2 to 10 years
Computer equipment	over 3 years

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.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity
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Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

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.

An analysis of turnover by geographical market is given below:

	2014	2013
	£	£
United Kingdom	18,476,910	19,006,594
Rest of Europe	8,486,806	9,435,342
Rest of the world	642,538	1,241,331
	<u>27,606,254</u>	<u>29,683,267</u>

3. ADMINISTRATION EXPENSES – EXCEPTIONAL COSTS

During the year, the value of an intercompany loan was written down to reflect its estimated realisable value. The Directors are confident of the recoverability of the remaining loan with some monies received post year end.

4. OPERATING PROFIT

This is stated after (crediting)/charging:

	2014	2013
	£	£
Royalty income	(1,009,385)	(1,040,925)
Depreciation – owned assets	261,588	210,252
Loss on disposal of tangible fixed assets	9,317	729
Auditors' remuneration	14,620	13,567
Operating lease rentals - land and buildings	861,279	641,279
Operating lease rentals - plant and machinery	14,848	8,341
	<u></u>	<u></u>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

5. DIRECTOR'S REMUNERATION

	2014 £	2013 £
Emoluments	1,400,000	-
Company contributions paid to money purchase pension schemes	-	-
Members of money purchase pension schemes	-	-

The sum of £1,400,000 was paid to one Director on the terms of an agreement that this sum had to be employed in paying up Ordinary "A" shares in the company on demand, or earlier in certain specified circumstances. The Ordinary "A" shares would have little or no value unless profits increase substantially.

6. STAFF COSTS

	2014 £	2013 £
Wages and salaries	5,188,266	4,099,495
Social security costs	380,162	354,162
Other pension costs	35,021	162,833
	5,603,449	4,616,490

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

	2014 No.	2013 No.
Management and administration	103	111
Production	3	4
	106	115

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

7. NET INTEREST RECEIVABLE

	2014	2013
	£	£
Bank interest payable	(5)	(30)
Bank interest receivable	19,726	1,609
Other interest payable	-	(658)
Other interest receivable	24,694	46,439
	<u>44,415</u>	<u>47,360</u>

8. TAXATION

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

	2014	2013
	£	£
UK corporation tax at 23%	595,587	1,064,512
Double taxation relief	-	(21,845)
Adjustments in respect of previous years	79	(30,160)
	<u>595,666</u>	<u>1,012,507</u>
Overseas tax	-	21,845
	<u>595,666</u>	<u>1,034,352</u>
Deferred tax movement (note 15)	28,765	(13,906)
	<u>624,431</u>	<u>1,020,446</u>

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

8. TAXATION (CONTINUED)

(b) The tax assessed on the profit on ordinary activities for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	2,019,533	4,305,415
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 23% (2013: 24%)	464,493	1,033,300
Expenses not deductible for tax purposes	167,056	20,518
Effect of tax rate changes	3,476	2,837
Decelerated capital allowances	(28,276)	19,270
Research & development tax credit	(10,673)	(11,538)
Other timing differences	(489)	125
Double Tax relief	-	(21,845)
Overseas taxation	-	21,845
Adjustments in respect of previous years	79	(30,160)
Current tax charge (note 8(a))	595,666	1,034,352

(c) Factors that may affect future tax charges

The changes to the main rates of Corporation tax for UK companies announced in the March 2013 Budget were substantively enacted on 2 July 2013. The main rate reduced from 23% to 21% from 1 April 2014 and will further reduce to 20% from 1 April 2015. These changes will impact the future tax liabilities of the company.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

9. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	<i>Leasehold & Buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost:					
At 1 April 2013	-	134,176	563,144	667,449	1,364,769
Additions	125,878	131,339	212,578	34,295	504,090
Disposals	-	-	(37,383)	(729)	(38,112)
At 31 March 2014	125,878	265,515	738,339	701,015	1,830,747
Depreciation:					
At 1 April 2013	-	113,133	367,770	585,495	1,066,398
Charge for the year	25,176	50,367	122,428	63,617	261,588
Disposals	-	-	(28,316)	(479)	(28,795)
At 31 March 2014	25,176	163,500	461,882	648,633	1,299,191
Net book value:					
At 31 March 2014	100,702	102,015	276,457	52,382	531,556
At 31 March 2013	-	21,043	195,374	81,956	298,371

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

10. INVESTMENTS

Investments in subsidiary undertaking at cost:

	£
At 1 April 2013 and 31 March 2014	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

	2014	2013
	£	£
Finished goods	3,732,346	3,412,710
Raw materials	10,000	10,000
	<u>3,742,346</u>	<u>3,422,710</u>

12. DEBTORS

	<i>Group</i> 2014	<i>Company</i> 2014	<i>Group</i> 2013	<i>Company</i> 2013
	£	£	£	£
Trade debtors	6,387,813	6,387,813	6,717,035	6,717,035
Amounts owed by related undertakings	1,556,270	1,556,270	2,000,000	2,000,000
Other debtors	44,497	44,497	-	-
Prepayments and accrued income	284,941	284,740	239,729	239,327
Deferred tax (note 15)	36,498	36,498	65,263	65,263
	<u>8,310,019</u>	<u>8,309,818</u>	<u>9,021,826</u>	<u>9,021,625</u>

During the year, amounts owed by related undertakings were written down by £575,000 to reflect the estimated recoverability in relation to the existing loan.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

13. CREDITORS: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade creditors	566,232	566,232	381,658	381,658
Amounts owing to related undertakings	-	-	1,034,192	1,034,192
Due in respect of UK corporation tax	248,660	248,660	562,192	562,192
Other taxes and social security costs	865,588	865,588	972,595	972,595
Other creditors	357,714	357,714	35,121	35,121
Deferred income	668,177	668,177	803,399	803,399
Accruals	986,286	986,286	2,207,057	2,207,057
	<u>3,692,657</u>	<u>3,692,657</u>	<u>5,996,214</u>	<u>5,996,214</u>

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

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Deferred income	501,133	501,133	1,405,947	1,405,947
Provision for dilapidation	133,523	133,523	127,895	127,895
	<u>634,656</u>	<u>634,656</u>	<u>1,533,842</u>	<u>1,533,842</u>

15. DEFERRED TAXATION

The deferred taxation amounts recognised are as follows:

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Decelerated capital allowances	35,935	35,935	64,211	64,211
Other timing differences	563	563	1,052	1,052
	<u>36,498</u>	<u>36,498</u>	<u>65,263</u>	<u>65,263</u>

The deferred tax asset is included within 'Debtors' (note 12).

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

15. DEFERRED TAXATION (CONTINUED)

The movement on the deferred tax account is as follows:

	<i>Group</i> <i>2014</i> £	<i>Company</i> <i>2014</i> £	<i>Group</i> <i>2013</i> £	<i>Company</i> <i>2013</i> £
Balance at 1 April	65,263	65,263	51,357	51,357
Deferred tax (credit)/debit (note 8(a))	(28,765)	(28,765)	13,906	13,906
Balance at 31 March	<u>36,498</u>	<u>36,498</u>	<u>65,263</u>	<u>65,263</u>

16. SHARE CAPITAL

	<i>2014</i> <i>No.</i>	<i>2014</i> £	<i>2013</i> <i>No.</i>	<i>2013</i> £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
<i>Allotted, partly called up and partly paid</i>				
Ordinary "A" shares of £1 each	1,400,000	14,000	-	-

During the year the Company issued 1,400,000 Ordinary "A" shares of £1 each with £0.99 remaining unpaid on each share as at 31 March 2014. No call has been made for this further capital.

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2014

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT IN RESERVES

Group

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
As at 1 April 2012	1,000	9,437,009	9,438,009
Profit for the year	-	3,284,969	3,284,969
As at 31 March 2013	1,000	12,721,978	12,722,978
Issued share capital	14,000	-	14,000
Profit for the year	-	1,395,102	1,395,102
As at 31 March 2014	15,000	14,117,080	14,132,080

Company

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
As at 1 April 2011	1,000	9,437,009	9,438,009
Profit for the year	-	3,284,969	3,284,969
As at 31 March 2013	1,000	12,721,978	12,722,978
Issued share capital	14,000	-	14,000
Profit for the year	-	1,395,102	1,395,102
As at 31 March 2014	15,000	14,117,080	14,132,080

18. DERIVATIVES

The company has entered into forward foreign exchange contracts in the normal course of business in order to hedge against fluctuations in future exchange rates. As at 31 March 2014, the sterling equivalent of total amounts outstanding on such contracts was £8,874,608 (2013: £3,259,798).

Lyle & Scott Limited

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at 31 March 2014

19. FINANCIAL COMMITMENTS

At 31 March 2014 the Group and Company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	9,038	-
In two to five years	847,296	627,296	5,810	8,341
In over five years	13,983	13,983	-	-
	<u>861,279</u>	<u>641,279</u>	<u>14,848</u>	<u>8,341</u>

20. 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 in 'other creditors' (note 13), are £5,289 (2013: £7,163). The subsidiary does not have any employees or pension scheme.

21. CONTINGENT LIABILITIES

During the prior year, Lyle & Scott Limited was party to a cross guarantee securing overdraft facilities up to £1,000,000 for certain members of the Waterlinks Investments Limited Group of which £362,031 was utilised at 31 March 2013.

As at 31 March 2014, the Waterlinks Investments Limited group no longer has an overdraft facility. As at 31 March 2014 cash at bank of the Group (excluding Lyle & Scott Limited) was £110,987, 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 £Nil at 31 March 2014 (2013: £211,884).

Lyle & Scott Limited

NOTES TO THE FINANCIAL STATEMENTS

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22. RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions, in the ordinary course of business, with other related parties:

	<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>
2014				
Waterlinks Investments Limited	-	374,830	-	1,556,270
Waterlinks (Far East) Limited	-	11,746	-	-
*Tulchan Textiles Limited	-	209	-	-
*Quarks to Quasers Limited	-	218,806	-	-
2013				
Waterlinks Investments Limited	-	375,400	3,400	2,000,000
Waterlinks (Far East) Limited	-	6,712,293	1,030,792	-
*Tulchan Textiles Limited	4,573	-	-	-
*Quarks to Quasers Limited	-	236,139	-	-

*Subsidiaries of Waterlinks Investments Limited

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is S M Watson.