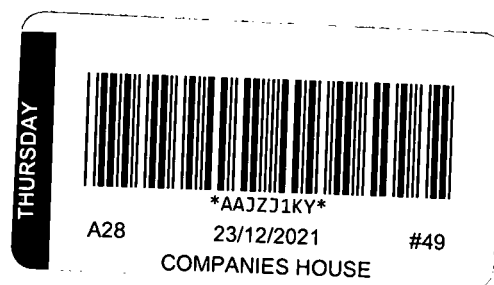


# **Lyle & Scott Limited**

## **Report and Financial Statements**

For the year ended 31 March 2021

*Registered No. 4111248*



# **Lyle & Scott Limited**

**Registered No. 4111248**

---

## **COMPANY INFORMATION**

### **DIRECTORS**

A Stellakis

P Oldham

S Watson

### **AUDITORS**

Ernst & Young LLP

G1, 5 George Square

Glasgow

G2 1DY

### **BANKERS**

Barclays Bank plc

One Snowhill

Snowhill Queensway

Birmingham

B3 2WN

### **REGISTERED OFFICE**

37 Kentish Town Road,

London,

NW1 8NX

# **Lyle & Scott Limited**

**Registered No. 4111248**

---

## **STRATEGIC REPORT**

### **REVIEW OF THE BUSINESS**

Lyle & Scott designs, wholesales and retails premium men's and women's fashion and sports clothing and accessories in the UK and across Europe and Asia. Lyle & Scott is focussed on providing premium products, made with premium raw materials that limit our impact on the natural world. Lyle & Scott has a real rich and long heritage, founded in 1874 in the proud Scottish Border Town of Hawick, becoming a Global Brand in the early 20th Century and returning as a highly profitable clothing powerhouse in the 21st Century.

The reporting period was entirely dominated by the emergence of Covid-19; with notable impact across all our operational markets as Covid-19 developed into a global pandemic that resulted in enforced action by governments globally driven through the focus to control the virus.

Following an outstanding financial performance in FY20, Lyle & Scott was in a robust position to deal with the Pandemic; our previous years' strategies and focus on expanding our commercial footprint globally, dual sourcing our product in both Asia and Europe, ensuring our digital footprint is over 40% of our total business and expanding our product offering into Sportswear and loungewear, saw Lyle & Scott in a solid position to deal with the extremes that the Pandemic caused.

Whilst the Pandemic brought huge pressures and challenges to the clothing world, Lyle & Scott's natural agility and strong leadership saw the company taking immediate and robust action to manage the business effectively through this unprecedented period of uncertainty. This decisive approach delivered a strong sales performance and EBITDA, maintaining a very healthy cash position throughout. This resulted in delivery of a very robust performance in a non-essential sector in the middle of the largest global crisis in modern times.

Heightened government restrictions in Q1 of our financial year, in both the UK and across Europe, impacted on our trading performance at the beginning of the year; our digitally-focused customers saw strong trading over this period and this strong performance helped us to deliver a respectable performance in Q1. From Q2 onwards our business rebounded strongly, and we traded very effectively throughout the rest of the financial year despite the continuing restrictions and impact to the traditional retail model; being a business that is comprised in majority as a wholesaler, we are very well placed to weather global uncertainty effectively, this has been clearly demonstrated in our financial performance.

We welcomed the UK government support provided to the industry during the year. We took advantage of the VAT deferral at the onset of the pandemic; all deferred balances were repaid before the end of the financial year. Rates holidays and furlough support were also utilised – providing critical support to our retail store business, which was particularly impacted by the ongoing restrictions over the period. As a prudently run business, we limited the support that we did utilise – bringing back staff from furlough quickly and supplementing salaries over and above the government assistance.

Despite dealing with a Global Pandemic the Board remained focussed on delivering a profitable performance throughout the trading period; our well-established behaviours in cash management meant that we did not have to "pivot" our attention to solely to maintaining sufficient liquidity to be able to continue

# **Lyle & Scott Limited**

**Registered No. 4111248**

---

## **STRATEGIC REPORT**

trading. The Board is proud of the performance demonstrated through this trading period and believe it reflects strongly on the talented staff that more than rose to the challenge of supporting the business through uncharted waters.

### **Our primary routes to success**

#### ***Wholesale***

Wholesale remains our primary channel to market, either through conventional Bricks and Mortar or through our digital wholesale partners.

Trading across Europe remained robust through this channel; our flexibility through having an optimised portfolio of digital and bricks/mortar retail partners has enabled us to maximise our performance through a period of great uncertainty.

#### ***Retail & Franchise***

Despite huge uncertainty generally, and more specifically the volatility due to protracted lockdowns, our retail and franchise retail portfolio remained profitable throughout the year and we continue to focus on retail opportunities globally that will help cement our brand presence and accelerate our growth in our key target markets.

#### ***People***

As a business we are hugely proud of the contribution and efforts our Lyle & Scott Family make; our staff, and the culture we are all part of, is the absolute key foundation that drives our business and means that whatever is thrown at us we will always float to the top.

The Board could not be more thankful to have such a talented group of individuals by our side during this time and we would like to formally acknowledge the outstanding contribution made from everyone in all areas of the business.

FY21 saw the Lyle & Scott family be the absolutely embodiment of a perfect Purple Cow Herd...thanks Seth Godin!

### **Future Developments**

The directors believe the desirability and resilience of the brand shown throughout the pandemic leaves the business in good stead to continue to grow sales and profits in a more normal trading environment. We continue to focus on our planned rollout of markets using the approach and model that we have utilised successfully over the last six years.

## **Lyle & Scott Limited**

**Registered No. 4111248**

---

### **STRATEGIC REPORT (continued)**

The Directors understand their duty under s172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regards (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operation on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the company.

On 18 January 2021, the shareholders of Lyle and Scott Limited sold their shares to Ellaness Holdings Limited for a combination of cash and shares and loan notes in Ellaness Holdings Limited. Ellaness Holdings Limited is now the parent company.

#### **Post Balance Sheet Events**

An update on post balance sheet events is given in the notes to the accounts.

# **Lyle & Scott Limited**

**Registered No. 4111248**

---

## **STRATEGIC REPORT (continued)**

### **FINANCIAL RISK MANAGEMENT POLICY**

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

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

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

It is, and has been throughout the period under review, the Company's policy that no trading in other financial instruments of a speculative nature shall be undertaken. The principal risks associated with the Company's financial assets and liabilities are set out below:

#### ***Interest rate risk***

The Company is entirely self-funded and expects to be so during the coming financial year. The Company'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 Company has exposure to a number of foreign currencies through its purchases and sales of products. Exposure is principally in US\$, Euros and Swedish Kröna. The Company takes out forward foreign currency contracts to mitigate risks, consistent with the Company's policy of hedging against known and highly probable exposures for up to 24 months in advance.

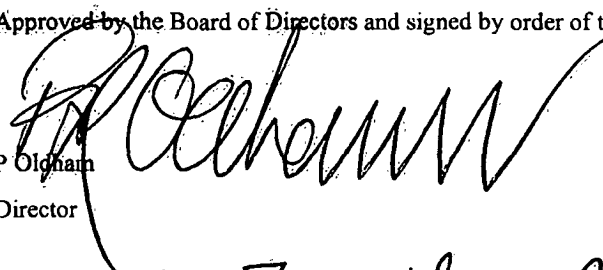
#### ***Credit risk***

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

#### ***Liquidity risk***

The Company aims to mitigate liquidity risk by managing cash generated by its operations. The Company has operated a strongly positive cash-flow position over several years.

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

  
P Oldham  
Director

17-2-21

# **Lyle & Scott Limited**

---

## **DIRECTORS' REPORT**

The directors submit their Report and financial statements for the year ended 31 March 2021.

### **RESULTS AND DIVIDENDS**

The Company profit for the year after taxation amounted to £9.2m (2020: £11.4m). Interim dividends of £11,000,000 were declared and paid during the year (2020: £4,557,000). The directors do not propose the payment of a final dividend (2020: £nil).

### **DIRECTORS**

The directors who served during the year were as follows:

S Watson

A Stellakis (appointed 18 January 2021)

P Oldham (appointed 18 January 2021)

H D Driscoll (resigned 18 January 2021)

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Having made enquiries of the Company'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 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 of Lyle & Scott Limited ('Company') have assessed the financial position of the company for the year ended 31 March 2021. The assessment period considered by the Directors is at least 12 months from the date of signing the accounts and concluded on 31 December 2022.

### **Basis of Preparation Conclusion**

The Directors have assessed a number of factors as set out below and have concluded there is a reasonable expectation that the Company has adequate financial resources to continue to operate for the foreseeable future.

The basis of the conclusion is based on the following factors:

- The Company has positive net current assets,
- The Company is forecast to be profitable and has historically been profitable,
- The Company cash forecasts shows no additional financing required to meet its liabilities,

# **Lyle & Scott Limited**

---

## **DIRECTORS' REPORT**

- The Company has substantial liquid reserves (cash and investments) as at 31 March 2021 and does not have any borrowings from external parties.
- Taking account of the business risks facing Lyle & Scott Limited, the Directors believe that the Company is well placed to continue to manage its business risks successfully,
- The Business remains a wholesale led operation; and
- We have considered the impacts of COVID 19, including the risk of a prolonged downturn in the retail environment and believe we have enough levers we can pull to mitigate costs if the internal forecasts identify commercial concerns as we have demonstrated over the previous 12 month period.

In reaching our conclusion we considered the following factors:

- At the balance sheet date the Company had net current assets of £34.8m,
- In the FY21 period the Company made a profit after tax of £9.2m; and
- At the balance sheet date & date of signing the Company had no external financing liabilities.

In assessing the prospects of the business for going concern purposes, the Directors have considered forecasts prepared by management for the twelve month period to 31 December 2022. These forecasts include a base case and a downside sensitivity to reflect a reduction in revenue and margin over the forecast period. The aggressive, but plausible, downside scenario also considers the potential ongoing impacts of COVID-19 on the business, and the short to medium term impact of the fire as described in note 20, including the potential mismatch of cash outflows compared to reimbursement through insurance. In making this assessment, the Directors have included the minimum dividend payments due to the parent company in the period and identified potential mitigating actions, within their control, that could be taken to preserve liquidity. These include, but are not limited to, reducing future discretionary dividend payments, future marketing costs and capital expenditure.

The Directors have also considered a reverse stress test scenario, factoring in a further reduction to sales and margin, to identify the level of revenue reduction which would need to arise in order for the company to require additional financial resources or support. The Directors believe the risk of such circumstances arising in the 12 months following approval of these financial statements that would result in the Company requiring additional financial resources or support is remote.

The analysis undertaken by management, combined with the actions taken, allow the Directors to conclude that the company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due to 31 December 2022. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



# Lyle & Scott Limited

---

## DIRECTORS' REPORT

### ENERGY AND CARBON REPORTING

Much of the environmental impact of our business is in the production and logistics of our garments and packaging, as such we focus efforts on reducing the waste in our supply chain.

Our sustainability mission is to act responsibly, be transparent, and operate in a way that improves the lives of people and protects the planet.

Over 50% of our total product range, and 90% of our Womenswear range, is sourced responsibly using organic, preferred, or recycled materials. We always seek a sustainable end of life for products which are deemed to be unsellable.

During the course of this financial year, we have become certified by the Global Organic Textile Standard (GOTS). In order to attain this certification, Lyle & Scott went through a rigorous audit and application process, to make sure that we reached their high standards.

The data below shows the energy consumption used to calculate the greenhouse gas (GHG) emissions of the company for the financial year ending 31 March 2021.

		Year ended 31 <sup>st</sup> March 2021
Gas	kWh	2,212,818
Electricity	kWh	308,085
Transport fuel	kWh	987
Mileage	Miles	15,205

		Year ended 31 <sup>st</sup> March 2021
Gas	Total kg CO2e	406,871
Fuel	Total kg CO2e	212
Business Travel	Total kg CO2e	4,408
Electricity	Total kg CO2e	71,827
Total	Total kg CO2e	483,317
Intensity ratio, per £m turnover	Total kg CO2e	8,680

UK Government conversion factors are used for calculating Greenhouse Gas (GHG) emissions. The intensity ratio is calculated using the financial metric £ million turnover. Comparative figures are not required in the first year, therefore, have not been reported.

## Lyle & Scott Limited

---

### DIRECTORS' REPORT

#### AUDITORS

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed to replace Ernst & Young LLP as auditors whom will not seek reappointment.

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

  
P Oldham  
Director

17-2-21.

**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 Company and of the profit or loss of 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYLE AND SCOTT LIMITED**

#### **Opinion**

We have audited the financial statements of Lyle and Scott Limited for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its 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.

#### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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 company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYLE AND SCOTT LIMITED**

#### **Opinions 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYLE AND SCOTT LIMITED

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how Lyle and Scott Limited is complying with those frameworks by making enquiries of management and those charged with governance to confirm that there was no known non-compliance and to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, including consideration of performance targets and their propensity to influence efforts made by management to manage results. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We identified the following fraud risks:
  - Fraud risk regarding revenue recognition arising from the potential for incorrect recording of revenue cut-off. In response to this fraud risk, we performed year-end cut-off procedures.
  - Fraud risk in respect of management override of controls. In response to this fraud risk, we performed procedures that included testing manual journals based on specific criteria, investigating the journals identified to gain an understanding of these transactions and agree to source documentation. We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiry with management, including that of the general counsel of the Company, and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations.

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

#### Use of our report

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

*Ernst & Young LLP*

Sharron Moran (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

20 December 2021

## Lyle & Scott Limited

### INCOME STATEMENT

for the year ended 31 March 2021

	Notes	2020/21 £	2019/20 £
<b>Turnover</b>	2	55,678,668	64,419,049
Cost of sales		(28,813,524)	(31,537,873)
<b>Gross profit</b>		26,865,144	32,881,176
Distribution costs		(4,527,747)	(4,104,943)
Administration expenses		(14,666,049)	(16,204,498)
Other operating income		2,288,397	1,469,773
<b>Operating profit</b>	3	9,959,745	14,041,508
Net interest receivable	6	38,776	29,446
<b>Profit on ordinary activities before taxation</b>		9,998,521	14,070,954
Tax on profit on ordinary activities	7	(767,307)	(2,715,281)
<b>Profit on ordinary activities after taxation transferred to reserves</b>		9,231,214	11,355,673

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

### Statement of comprehensive income

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

# Lyle & Scott Limited

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	8	648,934	1,202,301
		<u>648,934</u>	<u>1,202,301</u>
<b>Current assets</b>			
Stocks	9	15,863,648	14,202,473
Debtors	10	14,411,544	13,319,300
Cash at bank and in hand		17,271,245	17,193,863
		<u>47,546,437</u>	<u>44,715,636</u>
<b>Creditors: amounts falling due within one year</b>	11	(12,724,321)	(10,220,426)
		<u>34,822,116</u>	<u>34,495,210</u>
<b>Net current assets</b>			
		<u>35,471,050</u>	<u>35,697,511</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	12	(167,458)	(23,833)
		<u>35,303,592</u>	<u>35,673,678</u>
		<u><u>35,303,592</u></u>	<u><u>35,673,678</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	1,892,700	494,000
Profit and loss account		33,410,892	35,179,678
		<u>35,303,592</u>	<u>35,673,678</u>
<b>Shareholders' funds</b>		<u><u>35,303,592</u></u>	<u><u>35,673,678</u></u>

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

P Oldham  
Director

17-12-21



## Lyle & Scott Limited

### STATEMENT OF CHANGES IN EQUITY

at 31 March 2021

	<i>Called-up Share Capital £</i>	<i>Share Premium Account £</i>	<i>Profit &amp; loss account £</i>	<i>Total Equity £</i>
At 1 April 2020	494,000	-	35,179,678	35,673,678
Profit & Total comprehensive income for the year for the year	-	-	9,231,214	9,231,214
Dividends paid	-	-	(11,000,000)	(11,000,000)
Share Capital issued in year	1,386,254	12,446	-	1,398,700
At 31 March 2021	1,880,254	12,446	33,410,892	35,303,592

	<i>Called-up Share Capital £</i>	<i>Share Premium Account £</i>	<i>Profit &amp; loss account £</i>	<i>Total Equity £</i>
At 1 April 2019	494,000	-	28,381,005	28,875,005
Profit & Total comprehensive income for the year for the year	-	-	11,355,673	11,355,673
Dividends paid	-	-	(4,557,000)	(4,557,000)
At 31 March 2020	494,000	-	35,179,678	35,673,678

## Lyle & Scott Limited

---

### STATEMENT OF CASHFLOWS

at 31 March 2021

		2021	2020
	Notes	£	£
<b>Net cash inflow from operating activities</b>	19	9,105,598	5,792,754
<b>Investing activities</b>			
Interest received	6	38,776	29,446
Payments to acquire tangible fixed assets	8	(199,237)	(474,425)
Receipt of government grants	3	90,595	25,000
Receipt of furlough grant	3	642,950	0
Net cash flow from investing activities		573,084	(419,979)
<b>Financing activities</b>			
Equity dividends paid		(11,000,000)	(4,557,000)
Additional equity		1,398,700	0
Net cash flow from financing activities		(9,601,300)	(4,557,000)
<b>Increase in cash and cash equivalents</b>		77,382	815,775
<b>Cash and cash equivalents at 1 April 2020</b>		17,193,863	16,378,088
<b>Cash and cash equivalents at 31 March 2021</b>		17,271,245	17,193,863

# **Lyle & Scott Limited**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

### **1. ACCOUNTING POLICIES**

#### ***Company Information***

Lyle & Scott Limited is a Company limited by shares, incorporated in England and Wales. The registered office is 37 Kentish Town Road, London, NW1 8NX.

#### ***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.

#### ***Going Concern***

The Directors of Lyle & Scott Limited ('Company') have assessed the financial position of the company for the year ended 31 March 2021. The assessment period considered by the Directors is at least 12 months from the date of signing the accounts and concluded on 31 December 2022.

#### **Basis of Preparation Conclusion**

The Directors have assessed a number of factors as set out below and have concluded there is a reasonable expectation that the Company has adequate financial resources to continue to operate for the foreseeable future.

The basis of the conclusion is based on the following factors:

- The Company has positive net current assets,
- The Company is forecast to be profitable and has historically been profitable,
- The Company cash forecasts shows no additional financing required to meet its liabilities,
- The Company has substantial liquid reserves (cash and investments) as at 31 March 2021 and does not have any borrowings from external parties.
- Taking account of the business risks facing Lyle & Scott Limited, the Directors believe that the Company is well placed to continue to manage its business risks successfully,
- The Business remains a wholesale led operation; and
- We have considered the impacts of COVID 19, including the risk of a prolonged downturn in the retail environment and believe we have enough levers we can pull to mitigate costs if the internal forecasts identify commercial concerns as we have demonstrated over the previous 12 month period.

In reaching our conclusion we considered the following factors:

- At the balance sheet date the Company had net current assets of £34.8m,
- In the FY21 period the Company made a profit after tax of £9.2m; and
- At the balance sheet date & date of signing the Company had no external financing liabilities.

# Lyle & Scott Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

In assessing the prospects of the business for going concern purposes, the Directors have considered forecasts prepared by management for the twelve month period to 31 December 2022. These forecasts include a base case and a downside sensitivity to reflect a reduction in revenue and margin over the forecast period. The aggressive, but plausible, downside scenario also considers the potential ongoing impacts of COVID-19 on the business, and the short to medium term impact of the fire as described in note 20, including the potential mismatch of cash outflows compared to reimbursement through insurance. In making this assessment, the Directors have included the minimum dividend payments due to the parent company in the period and identified potential mitigating actions, within their control, that could be taken to preserve liquidity. These include, but are not limited to, reducing future discretionary dividend payments, future marketing costs and capital expenditure.

The Directors have also considered a reverse stress test scenario, factoring in a further reduction to sales and margin, to identify the level of revenue reduction which would need to arise in order for the company to require additional financial resources or support. The Directors believe the risk of such circumstances arising in the 12 months following approval of these financial statements that would result in the Company requiring additional financial resources or support is remote.

The analysis undertaken by management, combined with the actions taken, allow the Directors to conclude that the company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due to 31 December 2022. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### ***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 to 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 to 7 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.

### ***Dilapidations***

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	- Purchase cost on a first-in, first-out basis
----------------	--

## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal.

#### ***Derivatives***

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

#### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, 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.

#### ***Employee benefits***

The cost of short-term employee benefits are recognised as a liability and an expense.

The estimated cost of any unused holiday entitlement at the end of the financial period is recognised.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### ***Pensions***

The Company 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***

## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

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 expenses so as to match them with the expenditure to which they relate.

Furlough income received in the year within the UK has been recognised in other operating income.

#### ***Dividends Policy***

Interim and final dividends are proposed and agreed upon by the board of directors, and if a dividend is payable, it is recognised in equity when the cash is paid out.

#### ***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 2021**

#### **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:

	2021	2020
	£	£
United Kingdom	20,973,693	32,659,267
Rest of Europe	34,403,009	31,335,747
Rest of the world	301,966	424,035
	<u>55,678,668</u>	<u>64,419,049</u>

#### **3. OPERATING PROFIT**

This is stated after (crediting)/charging:

	2021	2020
	£	£
Royalty income	(1,601,573)	(1,469,773)
Government grant income	(90,595)	(98,061)
Furlough grant income	(642,950)	-
Depreciation – owned assets	752,603	756,229
Auditors' remuneration	44,298	23,793
Operating lease rentals – land and buildings	994,336	1,021,601
Operating lease rentals – plant and machinery	15,945	19,298
Exchange differences	(151,525)	(1,590,845)
	<u></u>	<u></u>

## Lyle & Scott Limited

---

### NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

#### 4. DIRECTORS REMUNERATION

	2021	2020
	£	£
Aggregate remuneration in respect of qualifying services	112,301	-
	<u>          </u>	<u>          </u>
In respect of the highest paid Director:		
Aggregate remuneration	60,484	-
	<u>          </u>	<u>          </u>

#### 5. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	5,220,932	5,235,436
Temporary staff	207,104	288,380
Social security costs	512,306	548,874
Other pension costs	141,855	154,918
	<u>          </u>	<u>          </u>
	6,082,197	6,227,608
	<u>          </u>	<u>          </u>

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

	2021	2020
	No.	No.
Management and administration	135	156
Production	2	3
	<u>          </u>	<u>          </u>
	137	159
	<u>          </u>	<u>          </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 £588,515 (2020 - £635,385).



## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

**6. NET INTEREST RECEIVABLE / PAYABLE**

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Bank interest receivable	43,783	29,446
Other interest payable	(5,007)	-
	<hr/>	<hr/>
	38,776	29,446
	<hr/>	<hr/>

# Lyle & Scott Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

### 7. TAXATION

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

	2021	2020
	£	£
UK corporation tax	822,981	2,719,609
Adjustments in respect of prior periods	2,019	(396)
	<u>          </u>	<u>          </u>
Total current tax	825,000	2,719,213
Deferred tax movement (note 13)	(57,693)	(3,932)
Adjustments in respect of prior periods	-	-
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	<u>767,307</u>	<u>2,715,281</u>

(b) The tax assessed on the profit on ordinary activities for the year is the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2021	2020
	£	£
Profit on ordinary activities before taxation	9,998,521	14,070,954
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2020: 19%)	1,899,719	2,673,481
	<u>          </u>	<u>          </u>
Tax effect of expenses that are not deductible in determining taxable profit	11,664	42,196
Tax relief in respect of share options exercised	(1,146,095)	-
Adjustments in respect of prior years	2,019	(396)
	<u>          </u>	<u>          </u>
	(1,132,412)	41,800
	<u>          </u>	<u>          </u>
Tax expense for the year	<u>767,307</u>	<u>2,715,281</u>

(c) Factors affecting future tax changes

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020

## Lyle & Scott Limited

### NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

- 19%) which represents the future corporation tax rate that was enacted at the balance sheet date. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date but the effect on the deferred tax asset is not material.

#### 8. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Computer hardware</i>	<i>Computer software</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 31 March 2020	178,823	2,467,172	651,827	612,993	3,910,815
Additions	12,921	110,744	12,268	63,304	199,237
Disposals	-	-	-	-	-
At 31 March 2021	191,744	2,577,916	664,095	676,297	4,110,052
Depreciation:					
At 31 March 2020	(169,178)	(1,435,378)	(627,720)	(476,238)	(2,708,514)
Charge for the year	(15,907)	(643,867)	(33,588)	(59,241)	(752,603)
Disposals	-	-	-	-	-
At 31 March 2021	(185,085)	(2,079,245)	(661,308)	(535,479)	(3,461,117)
Net book value:					
At 31 March 2021	6,659	498,670	2,787	140,818	648,934
At 31 March 2020	9,645	1,031,794	24,107	136,755	1,202,301

## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

#### **9. STOCKS**

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Finished goods	15,853,648	14,192,473
Raw materials	10,000	10,000
	<u>15,863,648</u>	<u>14,202,473</u>

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

Stocks recognised as an expense in the period were £27,770,016 (2020 - £31,341,210).

#### **10. DEBTORS**

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Trade debtors	12,857,339	11,846,038
Other debtors	535,181	150,156
Financial Instrument Asset (Note 15)	161,281	664,102
Prepayments and accrued income	698,601	657,455
Corporation tax receivable	99,901	0
Deferred Tax (Note 13)	59,241	1,549
	<u>14,411,544</u>	<u>13,319,300</u>

# Lyle & Scott Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

### 11. CREDITORS: amounts falling due within one year

	2021 £	2020 £
Trade creditors	8,674,255	4,092,161
Corporation tax	0	1,246,899
Other taxes and social security costs	536,988	1,225,037
Provisions	363,134	205,425
Accruals	3,149,944	3,450,904
	<u>12,724,321</u>	<u>10,220,426</u>

### 12. CREDITORS: amounts falling due after more than one year

#### Provision for Liabilities

	<u>Onerous Lease</u>	<u>Dilapidation</u>	<u>Total</u>
At 1 April 2020			
Current	-	205,425	205,425
Non-Current	-	23,833	23,833
	<u>-</u>	<u>229,258</u>	<u>229,258</u>
Arising during the year	293,834	15,000	308,834
Utilised during the year	-	(7,500)	(7,500)
	<u>293,834</u>	<u>236,758</u>	<u>530,592</u>
At 31 March 2021	<u>293,834</u>	<u>236,758</u>	<u>530,592</u>
Analysed as:			
Current	152,209	210,925	363,134
Non-current	141,625	25,833	167,458
	<u>293,834</u>	<u>236,758</u>	<u>530,592</u>

Provisions relate to amounts provided for expected dilapidations costs on all leasehold properties at the end of lease agreements, with various dates of expiry, the latest date being 2024, and to an onerous lease provision

## Lyle & Scott Limited

### NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

on the Edinburgh store closed at the onset of the Covid-19 pandemic, expected to be utilised by 2023. £7,500 was utilised in the year against the dilapidation provision for our London office.

#### 13. DEFERRED TAXATION

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<i>Capital gains held over</i>	<i>Decelerated Capital allowances</i>	<i>Other timing differences</i>	Total
Deferred tax asset / (liability) at 1 April 2019	21,440	(9,204)	(9,853)	2,383
<b>Deferred tax movements in prior year</b>				
Charge to profit	0	(4,004)	72	(3,932)
Deferred tax asset / (liability) at 31 March 2020	21,440	(13,208)	(9,781)	(1,549)
<b>Deferred tax movements in current year</b>				
Charge to profit	0	(56,453)	(1,240)	(57,693)
Deferred tax asset / (liability) at 31 March 2021	21,440	(69,661)	(11,021)	(59,242)

The directors believe that the deferred tax asset is likely to be recovered.

#### 14. SHARE CAPITAL

	<i>2021 No.</i>	<i>2021 £</i>	<i>2020 No.</i>	<i>2020 £</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	75,000	75,000	75,000	75,000
Ordinary "A" shares of £1 each	1,400,000	1,400,000	-	-
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
Ordinary "D" shares of £1 each	254	254	-	-
Ordinary "G" shares of £1 each	25,000	25,000	25,000	25,000
<i>Allotted, partly called up and partly paid</i>				
Ordinary "A" shares of £1 each	-	-	1,400,000	14,000
	1,880,254	1,880,254	1,880,000	494,000

## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

#### **14. SHARE CAPITAL (CONTINUED)**

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.

During 2015, the Company issued 1,400,000 Ordinary "A" shares of £1 each with £0.99 remaining unpaid on each share.

During 2019, the Company reclassified 25,000 Ordinary shares of £1 each as 25,000 Ordinary "G" shares of £1 each.

In January 2021, the remaining £0.99 for the 1,400,000 Ordinary "A" shares was claimed and the Company issued 254 "D" shares of £1 each, at a premium of £49 per share, which was recognised in the Share Premium account. The 1,880,254 shares were transferred from the previous shareholders to Ellaness Holdings Limited.

'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.

'D' Ordinary shares carry no voting rights. This class of share is not entitled to participate in any income distributions of the Company, including dividends. This class of share carries subordinate rights to participate in any capital distributions of the company (including on a winding up). This class of share is non-redeemable.

'G' Ordinary shares carry fifteen votes, with preferential rights to participate in any income distributions, including dividends declared on this class of share. This class of share has subordinate rights to participate in a distribution arising on a winding up of the company and is not redeemable.

## Lyle & Scott Limited

### NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

#### 15. FINANCIAL INSTRUMENTS

	2021	2020
	£	£
<b>Financial assets measured at amortised cost</b>		
Trade debtors	12,857,339	11,846,038
<b>Financial assets at fair value through profit or loss</b>		
Financial instrument asset	161,281	664,102
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	8,674,255	4,092,161
<b>Financial liabilities at fair value through profit or loss</b>		
Financial instrument liability	104,881	242,414

#### 16. FINANCIAL COMMITMENTS

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

	<i>Land and Buildings</i>		<i>Other</i>	
	2021	2020	2021	2020
	£	£	£	£
Not later than one year	339,514	793,167	3,103	13,812
Later than one year and not later than five years	674,895	823,579	-	3,103
Later than five years	-	-	-	-
	1,014,409	1,616,746	3,103	16,915

#### 17. 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 taxes and social security costs' (note 11) are £44,541 (2020: £33,068).



## **Lyle & Scott Limited**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 March 2021**

#### **18. 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 31 March, are as follows:

	<i><b>Purchases from related parties £</b></i>
<i><b>Entities controlled by Sue Watson (as Lyle &amp; Scott majority owner)</b></i>	
2021	
Waterlinks Investments Limited	312,500
2020	
Waterlinks Investments Limited	372,000
<i><b>Entities where Andrew Stellakis has a significant influence (as a director of both Lyle &amp; Scott and Quarks to Quasars) from 18/01/2021</b></i>	
2021	
Quarks to Quasars Limited	61,540

No disclosure has been made of transactions with other group undertaking since the consolidated financial statements of Ellaness Holdings Limited are publicly available from the address shown in Note 21.

## Lyle & Scott Limited

### NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2021

#### 19. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2021	2020
	£	£
Profit before taxation for the year	9,998,521	14,070,954
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Net interest	(38,776)	(29,446)
Depreciation and impairment of tangible fixed assets	752,603	756,229
Government Grants Received	(90,595)	(25,000)
Furlough Received	(642,950)	-
(Increase)/decrease in debtors	(934,651)	(3,185,216)
(Increase)/decrease in stocks	(1,661,175)	(6,030,066)
Increase/(decrease) in creditors	3,894,420	2,894,333
<b>Taxation</b>		
Corporation tax paid (including advance corporation tax)	(2,171,800)	(2,659,034)
	<u>(892,924)</u>	<u>(8,278,200)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>9,105,597</u>	<u>5,792,754</u>

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following;

	At 31 March 2021	At 31 March 2020
	£	£
Cash at bank and in hand	<u>17,271,245</u>	<u>17,193,863</u>
Cash and cash equivalents	<u>17,271,245</u>	<u>17,193,863</u>

#### 20. POST BALANCE SHEET EVENTS

In November 2021, a fire damaged one of our third party warehouses and an amount of our stock which was held there. A full evacuation was conducted successfully, and we are very grateful that there were no injuries. We subsequently re-directed orders to our other warehouses, and a new warehouse nearby came online within a matter of days. We are fully insured for loss of stock and business interruption, and do not expect this to have a material impact on our financial performance.

#### 21. IMMEDIATE & ULTIMATE CONTROLLING PARTY

The directors consider Ellaness Holdings Ltd, a company registered in England and Wales and incorporated in Great Britain, which acquired the business on 18 January 2021 as the ultimate controlling party.

Consolidated accounts are available from 37 Kentish Town Road, London, NW1 8NX.